



Treasury Committee

Oral evidence: [Valuation Office Agency, HC 765](#)

Wednesday 27 January 2016

Ordered by the House of Commons to be published on 27 January 2016

[Watch the meeting](#)

Members present: Andrew Tyrie (Chair); Mr Steve Baker, Mark Garnier, Helen Goodman, George Kerevan, Mr Jacob Rees-Mogg, Wes Streeting

Questions 1-112

Examination of Witnesses

Witnesses: **Penny Ciniewicz**, Chief Executive, **Niall Walsh**, Chief Operating Officer and Chief Valuer, and **Dyfed Alsop**, Chief Strategy Officer, Valuation Office Agency, gave evidence.

Q1 Chair: Thank you very much for coming to give evidence to us this afternoon. I think it is your first time, for all three of you, before a Select Committee, so a particular thank you. Can I just begin by asking you, Mr Walsh, what your response is to criticisms that rules regarding valuation of cash machines as part of the rating system have made it unprofitable for local shops—corner shops and so on—to maintain ATMs and therefore customers are losing out, as well as the shops, of course?

Niall Walsh: We are obviously very concerned about the impacts of ATMs and the provision of ATMs, and making sure that we discharge the law correctly and assess ATMs correctly relative to all properties. What I would say is the law has not changed on the rateability of ATMs. What we are trying to do is apply that correctly. Where we have had some appeals on that, a number of the appellants have cited other examples, so we have looked at those and looked at how the rateability—

Q2 Chair: What should be done about it?

Niall Walsh: They should be correctly rated in accordance with the existing law.

Q3 Chair: That is how it should be implemented in a technical sense, but what is the solution? That is not going to solve this problem at all, is it?

Niall Walsh: The solution is to apply and make sure that they are being correctly rated. We have a statutory duty as the valuation officers to make sure that they are fairly and correctly rated. That is where our duty is.

Q4 Chair: Are you really saying it is not our business if the existing law has the inadvertent effect of prejudicing the prospects of these corner shops and the ATMs and their customers?

Niall Walsh: No, that is not what I am saying. Where we are making sure that people are correctly rated is the key aspect. I know that DCLG and other Government agencies have encouraged local authorities to look at discretionary reliefs in those situations where they could have adverse impacts.

Q5 Chair: So there is something that can be done.

Niall Walsh: The billing authorities can look at discretionary relief where they provide a very significant service to the local community.

Q6 Chair: Have you made any representations, perhaps via HMRC, to the Government about this on that point?

Niall Walsh: We are in discussion with DCLG, and our DCLG colleagues are very aware of that.

Q7 Chair: Have you made suggestions to them about how this could be ameliorated?

Niall Walsh: It is for DCLG, who are responsible for the billing authorities, to do that.

Q8 Chair: It is for them to take decisions, but I am asking you whether you have offered a view.

Penny Ciniewicz: They are fully aware of the activity that we are undertaking in relation to ATMs, and they have been for some time. Our business is very much to apply the law and to create a level and fair rating system by applying the law equally. The statutory duties of the valuation officers are to do that. Obviously, we do constantly talk to our clients about particular issues that may come up in the course of that. I cannot give a running commentary on particular pieces of advice; you would not expect me to. It is fair to say we have made colleagues absolutely aware of the whole exercise and what is entailed in it. There has been a sense that actually local authorities do have some discretion in this space.

Q9 Chair: It is important that you should be able to offer private advice and we are not going to go after it. We have no reason to, unless we thought there had been malfeasance or something. We are certainly not going to. What I would

like, though, is to unpack very slightly what you said, if I can use the modern term, and get to how far down the road you have gone to pointing out the problems that there are with the existing system.

Penny Ciniewicz: What we are pointing out is the impacts of the law and how we apply it and what the exercise that we are currently engaged in looks like. That is the scope of our operational business and our statutory duty.

Q10 Chair: You are saying, “We have a problem”—or “this is creating a problem”; let us put it like that—“and here is a number of possible ways in which this might be addressed”. I am not going to ask you what they are, but has it got that far from you to HMRC or DCLG?

Penny Ciniewicz: In this context, we would very much be talking to DCLG because they are the policy owners in relation to non-domestic rating. The point is that they are absolutely kept informed of areas where implementation of the law may mean that we need to do particular kinds of work, and certainly ATMs has been one of those areas where we have been transparent.

Q11 Chair: I will have one more go. What do you mean by “particular kinds of work”?

Penny Ciniewicz: The exercise that we are currently engaged in, which began some time ago, was to make sure that ATMs were correctly rated. Sometimes with evolution in property or when the law becomes clearer, it becomes clear to us that we need to address particular aspects of property. ATMs is one of those, and certainly when we are doing that we are talking to policy colleagues about the fact that that is going on and helping them to understand what that means in practice. Obviously the policy decisions around whether the framework that we are operating in is the right framework and continues to be the right framework are for them. We are applying the law as we see it.

Niall Walsh: Where these are impacting on individuals or their businesses, they are very often in discussions with DCLG, making representations directly to them about the impacts on them.

Q12 Chair: You are the guys with the expertise.

Niall Walsh: In the valuation, absolutely.

Chair: When it comes to knowing how to crack this problem.

Niall Walsh: We are the experts in valuation, obviously. The solutions may lie beyond valuation, and may lie in policy changes and things like that.

Q13 Chair: Those two are closely related.

Niall Walsh: They are closely related; I absolutely agree with you. It is also worth mentioning that, really, we are looking at one particular class of property. One of the

tenets of fairness and consistency of the rating system is actually by reference to all the different categories of properties, so schools and hospitals are all valued by the same method on the annual rental value.

Q14 Chair: I think I got a tiny bit of change out of these exchanges but one would have to call it somewhere between penny ha'penny and threepenny bit in old money, which is fair enough. It is a very careful response you have given.

Can I move onto something rather bigger, which is this whole question of revaluation? These valuations were done in 1991, which is a quarter of a century ago. You are being asked to administer a system that is getting more and more out of kilter with reality, are you not?

Penny Ciniewicz: Yes, we administer a system on the current basis. We feel we administer it effectively and with very low levels of challenge. We continue to provide through that a stable basis for the council tax. Yes, I think our people are used to that and used to managing that.

Q15 Chair: Do you have any statutory authority to use the latest database sources for valuation and revaluation if you wanted to?

Penny Ciniewicz: The decision to value or revalue to a particular date is absolutely a Minister's decision.

Q16 Chair: I was not quite asking that. I was saying once you look at an individual property, could you use nethouseprices.com, Rightmove and Land Registry?

Penny Ciniewicz: We would not use that in relation to the 1993 lists. Niall can perhaps say a bit more about how we do value 1993.

Niall Walsh: We valued it with reference to sales evidence directly at the time.

Chair: Yes, the legislation was in 1991, and it came into force in 1993.

Niall Walsh: That is correct; it came into force in 1993. It came in with a valuation date of 1 April 1991. We used direct sales evidence at that time. A lot of the evidence came through from stamp duty land tax from HMRC. As you quite rightly said, this list is very established now, so actually we have a tone of values clearly established. It is important to reference the point that of the 25 million properties, we made reductions in fewer than 12,500 properties last year on challenges.

Q17 Chair: That is because it is a relatively small change each year anyway. It is partly that you are getting it roughly right.

Penny Ciniewicz: We deliver roughly just below half a million changes to the council tax lists every year that reflect either the properties changing hands or new properties coming

onto the list. They may change their configuration as well. We are making around 460,000 changes in the current financial year.

Q18 Chair: I think I know the answer I am going to get, but is the logical endpoint to policy in this area not a general revaluation of more bands?

Penny Ciniewicz: We are perfectly able to maintain the current system in a robust way. The decision about whether a revaluation is required is more for Ministers.

Q19 Chair: You have no view.

Penny Ciniewicz: We are not in the business of developing policy on that. We are executing the system and we feel confident we can do so.

Q20 Chair: Let me frame the question this way: if a new top band were introduced, would it be logical to bring it in at the marginal rate, rather than as a slab, to minimise this problem in future?

Penny Ciniewicz: I cannot speculate. If people wanted to think about different approaches—

Q21 Chair: How difficult would it be to administer? I am sure you will feel able to answer that.

Penny Ciniewicz: Any new or different approach to tax takes thought and care. Obviously there have not been changes in the council tax system for quite a few years, as you rightly pointed out. It is not something I could just say would be straightforward or would be difficult. I cannot honestly say at this point.

Q22 Chair: You have not thought about that question of the percentage versus a slab at the top end.

Penny Ciniewicz: No.

Chair: Not at all?

Penny Ciniewicz: No.

Q23 Chair: Okay. Have you looked at the Welsh experience with revaluation?

Penny Ciniewicz: We obviously did conduct a revaluation in Wales in 2005. The Valuation Office Agency obviously revalued council tax—

Q24 Chair: Have you done an analysis of lessons learnt from that?

Penny Ciniewicz: I was not there at the time, but we certainly looked at what had happened as a result of that in terms of the approach we took in revaluing, and how much change there was post the implementation of the revaluation in terms of understanding whether we had done that revaluation well and correctly. The relatively low rates of change and challenge reassured us that we had delivered what was asked of us by the Welsh Administration, in terms of that revaluation.

Q25 Helen Goodman: I would like to follow up these questions from the Chairman. Last year, in December, the Land Registry recorded that the average house price in County Durham, which is where my constituency is, was £78,000. The average in London was £506,000. That is a ratio of 1:6.5—a massive, massive, massive difference, and it is getting wider because in Durham house prices were stable last year; they dipped in December, whereas in London they have been romping ahead at 10% a year, at least. This problem is going to get worse. Would you agree that one thing that the tax system ought to be is fair and equitable?

Penny Ciniewicz: Yes, we are responsible for administering tax in a fair way. It is really important to recognise that the Valuation Office Agency is about the execution of the maintenance of the tax base. We are not the policy-makers in relation to council tax or non-domestic rating. That responsibility sits with DCLG.

Q26 Helen Goodman: I know, but I would just like to point out that the average property in County Durham will be a band D property, and the average in London is above a band H property. The difference between band D and band H is meant to be 1:2, but at the moment it is 1:6.5, so can you see that people in County Durham may not actually think that the way the current system is playing out in practice, whether it is the Minister's or whoever else's responsibility, is exactly fair?

Penny Ciniewicz: I can hear what you are saying but the design of the overall system is not the VOA's responsibility. We are very much here to band individual properties within the system and to maintain the tax base by maintaining the valuation lists—the council tax lists in this case. That is our role in the system. We neither collect nor do we design. We create the tax base by maintaining those lists.

Q27 Helen Goodman: Is it not more difficult if, when you are valuing something, you have to go back to what it might have been worth in 1991 than to look at the current value? Does that not actually make the task more complex and time-consuming?

Penny Ciniewicz: Not from a valuation perspective.

Niall Walsh: From a valuation perspective, it is about the quality of the evidence and the records you have at that time and knowing with certainty. For example, we do a range of valuations. We still provide valuations in 1982 for capital gains tax purposes. It really

does depend on the valuation and sales evidence that you have. We have fairly extensive records and an established list.

Q28 Helen Goodman: I know that there has not been as much house-building as we would all have liked, but how do you deal with properties that have been built since 1991?

Niall Walsh: We have to bring it back and reference it to the values as if they were standing in a 1991 valuation.

Q29 Helen Goodman: I know, but how do you do that—supposing there is some place that was a green field and now it has blocks of flats eight storeys high, which is how it is maybe in my colleagues' constituencies?

Niall Walsh: Clearly we will have sales and agreed bandings in similar types of properties that were in existence in 1993, with a valuation date of 1991, so you do it by comparison to those and they will be your reference point. The new-build may be better, in which case it may be valued at a higher band, or at a higher level within the same band, or it may be inferior. You would look at the attributes of that property in comparison to properties that were selling in the market at the time in 1991.

Q30 Helen Goodman: I have to say that this does sound very Kafkaesque to me. We are translating everything back to 1991 in order to bring it forward again now. Presumably, the underlying objective of council tax is to have a tax on the value of people's property. If we carry on, as the Chairman was pointing out, without having further revaluations, council tax will become more and more like poll tax, because the differences, which are growing, are not reflected, and the allowable differences will become more and more trivial, as compared with the actual property price differences.

Penny Ciniewicz: The question of the relative merits of different dates for a council tax valuation is fundamentally about a policy decision—how a tax system operates at a policy level. We are very much in the business of asking whether we can value these properties at this current valuation date, and yes, we can. It may sound complex, but the reality is, as Mr Walsh explained, that we do this all the time. Within that we do so to the satisfaction of our customers, and the majority of what we put in place is not shown to be incorrect or challenged. We are able to maintain the system as it currently stands. I understand the question you are asking but I really do not think we are in a position to answer that one. It is a policy question.

Q31 Helen Goodman: I would like to ask you a factual question. In my constituency a number of properties in December exchanged hands for £20,000 or £30,000, and in fact the lowest exchange in the entire country was in my constituency—£18,500. How many local authorities in the country have no properties in band A now?

Niall Walsh: As the current system is set out I would imagine there is not a local authority in the country that does not have one property in band A. For example, we would have caravans and things like that, which would be dwellings that would be band A. I would have thought most local authorities across the country have some properties in the band A range.

Penny Ciniewicz: The simple answer is we could not tell you that. I do not think we know the answer to that.

Q32 Helen Goodman: Have you got it on your database, even if you have not got it with you?

Penny Ciniewicz: I am sure that would be—

Q33 Helen Goodman: Because Kensington and Chelsea have a £1.3 million average house price. They cannot have any properties that even 20 years ago were worth less than £40,000, surely?

Niall Walsh: There is a whole range of different types of properties. For example, if you have a caravan it may not be worth very much money, or you may have a small bedsit or things like that, which when taken back to 1991 values could qualify. I would be surprised, but as Ms Ciniewicz has quite rightly said, we would have to check our records. I would be surprised if there is a local authority without some band A properties.

Penny Ciniewicz: We do publish quite a lot of data on council tax and we publish all the council tax bands on our website, so I am sure, if that is information you would like, we could write.

Q34 Helen Goodman: Do you publish how many properties are in each band by local authority?

Penny Ciniewicz: Yes, I think so.

Q35 Helen Goodman: I want to ask you a couple of different questions about the property services and the advice that you are giving to local authorities and other organisations. I want to tell you a story. In Oxfordshire last year a plot of land was given planning permission, and on this plot of land eight houses, each worth £1 million, were built. Top whack, the cost of building these £1 million homes would not really have been more than £150,000. Since it was previously agricultural land, the cost including land would be about £200,000. In other words, on these eight houses, the developer was making a profit of £800,000. In Section 106 money, Oxfordshire County Council, the district council took from the developer £70,000, which is completely inadequate. It is less than one-tenth. We can say that maybe the developer was paying a higher rate of tax than Google, but not much higher. Do you give advice to local authorities on what sort of charges they should be making on developers who get these massive windfalls on the land prices when planning permission is given?

Niall Walsh: Our property services section does advise local authorities when we are asked to provide advice as to what is a reasonable level for affordable housing, and development viability is sometimes called into question between developers and local authorities where there can be disputes about what is a reasonable charge on a developer for affordable housing.

Q36 Helen Goodman: Okay, so in this example I have given you, we have got eight houses, each being sold for £1 million—as I said, profits of over £6 million—and the council takes in £70,000, which is not enough to pay for one single affordable house. Do you think that is acceptable or not acceptable?

Niall Walsh: I could not comment on an individual case without knowing the full facts and circumstances. Sometimes there is money in terms of capital contributions or infrastructure contributions offsite, so you would need to know the full circumstances.

Q37 Helen Goodman: The total value of what they got out of this development was £70,000. That was all that they got. If this is going on around the entire country, this is a massive loss to the public purse. Oxfordshire will have 20 developments like this every single year and they could be getting, presumably, a couple of million quid every time. If you multiply that by 150 local authorities we are running into billions of pounds. That is why I am concerned to know how proactive you are in talking to local authorities about these Section 106 agreements.

Niall Walsh: Where local authorities engage us, obviously, we are there to provide advice and we will provide that advice. Ultimately it is a question for the local authority themselves to decide what levels of charges they make in selling sites. Where we are engaged we will provide impartial advice.

Q38 Helen Goodman: How often do you get asked advice by local authorities on Section 106 or CIL?

Niall Walsh: I am afraid I would have to follow that up and we could provide an answer. Off the top of my head, I do not know the number of cases.

Q39 Wes Streeting: I wanted to ask about the response to the recent floods, and in particular the temporary re-banding of flood-affected properties. How many business properties have been affected by flooding, and for how many have you agreed to make a temporary reduction in rateable value of the premises?

Niall Walsh: The immediate priority for us, really, was to work with DCLG and with local authorities on the most important and effective way of providing relief, which was actually steering people to our website, providing the information about what reliefs are available. As you are probably aware, DCLG have made available relief on council tax and also on business rates for at least three months for any properties that have been affected. That provides immediate relief. As of today, I believe we have had 300 rating appeals in

challenging the rating assessment. We have had certainly fewer than 15 enquiries covering both council tax and NDR to our switchboards about this. Clearly, one of the key things is that we are out on the ground getting details on the factual damage. We will be taking property out where it is structurally damaged. We will also be looking where there has been infrastructure damage, so the Eden Bridge in Carlisle, the damage to the A591, Keswick Road in Cumbria and other bridges, where they caused damage that could affect the trade of commercial property. We will be looking to take proactive action there to provide reductions in rateable value.

Q40 Wes Streeting: So just to clarify, thinking specifically about business properties that have been affected by the flooding, you mentioned 300 appeals and 15 enquiries.

Niall Walsh: That is right.

Penny Ciniewicz: Fifteen covering council tax and NDR.

Q41 Wes Streeting: So that total of 315 covers both business and council tax?

Niall Walsh: That is correct.

Q42 Wes Streeting: Roughly speaking, if you do not have specific numbers, how would you break that proportion down between business rates and council tax?

Niall Walsh: I believe we have had roughly about six enquiries on council tax and then probably seven or eight telephone enquiries on NDR.

Q43 Wes Streeting: What about the appeals?

Niall Walsh: The appeals solely relate to NDR.

Q44 Wes Streeting: Okay, fine. I know you have mentioned the point about the most immediate and most effective support probably being through the relief put in place by DCLG. In terms of your responsibilities, are you expediting any requests for temporary reductions, given the precarious situations that those affected businesses will find themselves in?

Niall Walsh: As I said, the important thing is that anybody who has been affected is not paying council tax or NDR now, with the benefit of the reliefs from DCLG.

Q45 Wes Streeting: Sure, but in terms of the requests that are coming in to you for the mechanisms you have available to help, are you expediting those requests?

Niall Walsh: Yes, we would be looking at those as what we would term as hardship appeals, and we would be looking to expedite those. Where there are just some physical matters, we would normally look to give a decision within two months, and we would look to fast-track those appeals. Obviously, if people remained unhappy with any action we have taken we would also liaise and actively support an early listing at the valuation tribunal.

Q46 Wes Streeting: In terms of the requests that have already come in, have you yet got to the point of making decisions on those? Because you just mentioned a process of months, so I am wondering, given how recent the flooding is whether any of those had been accepted yet.

Niall Walsh: Some of the cases I would imagine, particularly with the properties being destroyed, we would be looking at taking that out, so we are talking about days and weeks to do that.

Q47 Wes Streeting: Days and weeks, okay. In terms of council tax, have you considered implementing a temporary re-banding scheme to complement local authorities' council tax relief schemes for flood-affected properties? Would you look at re-banding council tax properties?

Niall Walsh: For council tax, there has to be very significant impacts on the property, so it would have to be significantly structurally damaged to come out of the council tax list. Clearly, the most effective relief is that we steer people towards the reliefs where they pay no council tax for at least three months while they are out of their property. That is the most effective mechanism of doing it, not through the council tax valuation legislation.

Q48 Wes Streeting: Can you describe how your agency supports the work of the Flood Reinsurance scheme to support flood-prone properties?

Dyfed Alsop: Essentially we provide the data that we already hold on council tax bandings in order to support Flood Re. That means that the public do not have to provide that information on a case-by-case basis themselves. What we are able to do is provide both the banding and the age of the property so that Flood Re can work, essentially. We will be providing that data from April 2016.

Q49 Wes Streeting: What has your experience been of the scheme to date, in terms of the work that your agency is doing to support the Flood Reinsurance scheme? What has been your experience of working with that scheme?

Dyfed Alsop: Our experience has been very good in working with Defra in terms of setting up the mechanism in order to share the data that we hold. Obviously we have a responsibility to hold those data in a way that is secure and respects people's confidentiality, but at the same time we have found a way through, and using legislation we have been able to ensure that we provide regular updates to Flood Re with the data that we have.

Q50 Wes Streeting: Finally, turning back to some of Helen Goodman's line of questioning about the system of banding council tax, what interaction are you having with Government at the moment? Are there any discussions taking place about the potential re-banding of council tax properties?

Penny Ciniewicz: We cannot comment particularly on conversations that might be going on in policy terms. If you look at the Government's priorities, council tax revaluation is not amongst the high priority areas for Government, as far as I can see. That is all I can say on the subject really. It is a policy issue.

Q51 Wes Streeting: Is it an issue that you would take a view on, as an agency, in terms of advising Government or indeed advising Parliament?

Penny Ciniewicz: I am sure that if the issue came to be a priority we would be asked for advice and we would want to give advice in that context.

Q52 Chair: Then you would be able to tell us, at least, that you are giving advice, although we would not expect you to tell us what the advice is. Is that correct, or are you coming to us today saying you are not prepared to tell whether you are offering advice?

Penny Ciniewicz: I cannot give a commentary on the advice that we give to Ministers on various aspects. All I would observe is that I do not observe that this is a policy issue that is currently a top priority.

Q53 Chair: We have all heard that, but around this table there is some surprise and a bit of disappointment that you do not seem to be engaged in expressing a view—we are not asking you what that view should be—on something that seems so important and in so many ways at the heart of your job. That is what we are trying to say this afternoon to you.

Penny Ciniewicz: What we are saying is that we are able to maintain the system. We would certainly say if that were not the case, but I think we are perfectly able to maintain the current system. We have been doing so for some time and we feel that we are able to do that in a way that is robust and continues to be.

Q54 Chair: There is a disparity, but when a mechanic is looking at a motor car and he can keep it on the road and he says, "I have got a responsibility to keep this going and I have done your MOT, but I tell you what: if you did this, this and this the car would go much better and you would get much better fuel consumption", you would expect him to tell you that, would you not? If someone else came along you would not expect him to tell you, "Well, that is what I did for Fred's car", but if I brought my car in for an MOT and you found something else wrong with it that would improve its performance you would let me know, would you not? We are asking you that question.

Penny Ciniewicz: I understand, but I think the question of revaluation really is a policy issue for Ministers and for policy colleagues to opine on, and not for the agency. We are in the business of delivering the current system and that is what we are about.

Q55 Chair: I will have one more go: if you were asked advice by Government in this area, would you give it?

Penny Ciniewicz: Of course.

Q56 Chair: Right, so you do think it through even though you are not prepared to tell us whether you have been asked?

Penny Ciniewicz: We have to understand that our role is not to provide policy advice. That is not what we do. We are here to administer the current system. We create and maintain the council tax banding of 25 million properties across the UK. That is our role, and it keeps us fairly busy. We are doing it, we think, in a robust way that enables local authorities to collect the tax that supports their work, so that is where our focus is.

Q57 Chair: Let us put this slightly differently; I will have one more go. Slowly, but inexorably, the tax system in this field is becoming more and more absurd, as we move further and further away from the valuations done in 1991, which is why I am using that date rather than 1993, which is the point at which the legislation came into effect. There must be a point at which, whether we call it Kafkaesque or we use some other, even more colourful language, we conclude the absurdity has reached screaming point. At which point we would be desperate for Government agencies to say, “We are not meant to tell you exactly what we think about it”, but we would hope that you would intervene and say something. We are trying to get some impression about where on this scale you are. You seem to be saying, really, whether it is one or 25 years old, this valuation is perfectly capable of jogging along happily.

Penny Ciniewicz: We are saying that actually yes, in the current system we are really capable of maintaining the current list at this point. If people have views about the system from a policy perspective then those are ones that policy colleagues and Ministers will want to hear, but that is not our domain. Our domain is maintaining the system robustly.

Chair: Okay. I think the transcript will show that I have had at least half a dozen goes, and at this point I am going to withdraw from the field.

Q58 George Kerevan: Good afternoon. I have got a couple of lines of questioning, mostly on your internal management approach. To be modestly parochial to begin with, I know that most of the valuation work in Scotland is done through the Scottish Assessors Association, but they do draw on some of your technical advice. Can you explain what relationship there is between the SAA in Scotland and yourself?

Niall Walsh: We have a harmonisation meeting, as we term it, which involves the Northern Irish, the Scottish and ourselves. We regularly meet, probably about twice-yearly, and we discuss principles of rating and valuation issues and how they are applied. The law in Scotland and England can differ but also there is a lot of commonality in approach. It is very helpful and we have very good relationships with our assessor colleagues in Scotland. The majority of work that we do in Scotland relates to our property services and our statutory valuation team, which provides a valuation service for national taxes: capital gains tax and inheritance tax for HMRC, primarily.

Q59 George Kerevan: In these cross-border discussions is there ever any debate about revaluation and when that might take place?

Niall Walsh: No, as I say we are talking, really, about the application of the law on valuation. They are not policy discussions. They are meetings between operational colleagues talking about how we are applying the law, and the challenges from an operational and valuation and professional perspective?

Q60 George Kerevan: I had to try. On a slightly more serious note, you are closing 45 out of your 70 offices. How many are you closing in Scotland?

Niall Walsh: We have no immediate plans to close offices in Scotland. We have done some rationalisation over the last few years, which has helped us to work in a very efficient manner in Scotland. Over the next two years we have no plans to close any offices in Scotland.

Q61 George Kerevan: Therefore, to be fair, what about south of the border? Where are you going to close offices over the next two years?

Penny Ciniewicz: We have put out a list of core locations where we expect to be in the long term. There are around 25 of those locations spread across England, Wales and Scotland. I have not got the list in front of me but we can certainly make sure that you get a copy.

George Kerevan: That is where you want to be.

Penny Ciniewicz: That is where we want to be.

Q62 George Kerevan: Are we to assume the rest will be closed?

Penny Ciniewicz: Certainly over time that is the intent, yes, but we have plans for the near term as we work through what is possible in terms of the transformation and the funding for that. We obviously want to support the way we work in a different way as we move to fewer offices. We have closed quite a number of offices already in our network and we continue to work through making sure that we give the service necessary to ratepayers and council tax payers and others.

Q63 George Kerevan: I understand that, but you will be broadly aware that Members of Parliament across all the parties have been extremely unhappy with the way in which HMRC has closed offices. That has caused problems rather than actually improved performance. In closing the broad array of offices and concentrating on hubs, what are you doing to ensure that you are still delivering the service effectively?

Penny Ciniewicz: We do not find it affects our delivery of service. We have very, very low rates of visits to our offices. Our business does not work through face-to-face other than that our property inspectors will go to property where they need to, but we are the ones who do the travelling rather than ratepayers or council tax payers or other members of the public. From our point of view the impact has been very low. A lot of our offices are also quite small and we are quite used to working flexibly across the whole of the VOA network, as we need to in order to support peaks and troughs of work. The impacts have been not substantial at all, in our view, or difficult to mitigate.

Q64 George Kerevan: But you are reducing staff numbers.

Penny Ciniewicz: We are employing slightly more people this year than we did last year as a result of being focused on the revaluation of non-domestic rating in England and Wales.

Q65 George Kerevan: In the next two years?

Penny Ciniewicz: I cannot say, and at the moment we do not have any funding settlement so at this point I cannot comment on what the shape of that will be.

Q66 George Kerevan: I appreciate that, but if you have fewer staff and fewer offices then your staff will be travelling more, will they not?

Penny Ciniewicz: It depends on the kind of work. Clearly we have property inspectors who do travel as part of their role all the time. We obviously look to see how we can support that and make that as economical as possible and as efficient for them as for us. We have moved some of our staff into homeworking. We already have a stream of work that pretty much is made of people who are remote or mobile workers. That is increasingly an option for people. If we are closing offices, some of our people are moving to remote-working.

Q67 George Kerevan: There is an element of homeworking then?

Penny Ciniewicz: There is an element of remote-working, whether that is mobile or homeworking.

Q68 George Kerevan: Could you quantify that?

Penny Ciniewicz: At the moment it is quite small. We have around 380 people in the agency, so around 10% of our workforce work from home, but that could grow.

Q69 George Kerevan: I will draw back and look at things in a broader way. The current setup of the agency stems from the HMRC review of 2009. Very briefly, could you outline to me how things have changed and how you think you have fulfilled the remit of that report in 2009?

Penny Ciniewicz: We took all the recommendations from the framework review and we looked to implement them all over the next year to 18 months or so. Some of them have taken longer to implement than others. It is in the nature of some of those recommendations that perhaps circumstances change or you find a better way of doing things than perhaps has been particularly specified in the report. The recommendations we feel have been either fully or mostly implemented, probably sometimes in ways that were not necessarily envisaged at the time when the report was written. However, certainly the spirit of those recommendations has been taken forward.

Q70 George Kerevan: Are there any plans by HMRC to go back and review how far you have gone in that journey?

Penny Ciniewicz: I am not aware of plans. We are not, essentially, the people who would make that decision, but we stay in close touch with both HMRC and our Minister. We have clearly shared our plans for transformation and continuing transformation with them, so they are very aware of how our business is evolving.

Q71 George Kerevan: We now have a new agency performance framework. How will that improve the performance even more?

Dyfed Alsop: I suppose there are a number of different elements to that. On the one hand what that encompasses is a set of measures that link clearly inputs through activities, outputs and the outcomes that we try to achieve as an organisation. That is one element of it. Another part of it is showing that information in a visual way. We have meetings regularly at agency senior director level and then that cascades down two layers within the organisation where we look at the information we have about our performance visually. Part of the framework is being able to have a look at that information and be able discuss what we can do about it to anticipate trends and to take action. Part of it is about doing that. There are two elements: getting the right information and the logical flow of that information, and also being able to see it. We have been working on that for a while and that iterates; it is not a thing that changes entirely overnight. It gets better as we get better at it.

Q72 George Kerevan: How do you do valuation better and more effectively, for a layperson like me? I am trying to work out what your increased productivity delivers.

Niall Walsh: It is not so much about valuation per se, but it is about running any organisation or business. What you are trying to do is optimise your resources and use them in the most effective manner. To give you a really good example, over the last year or so we have really focused on dealing with many more calls at the first point of contact, particularly for our council tax enquiries. We have seen them reduce significantly from over 70,000 in 2007-08 down to about 14,000, which we anticipate this year. That frees up quite a bit of resource.

Q73 George Kerevan: How have you managed that?

Niall Walsh: We managed it by using customer insight, holding insight groups with council tax payers, finding out why people want to phone up and enquire. What was coming out was actually a lot of people just want to know whether their council tax band is right, whether they should appeal this if their neighbour is doing this, and being able to answer those queries much clearer upfront saves people going down through a more formalised process of appeal or a formal enquiry, which has been helpful. Going back to visual management, what we were then trying to do was actually make it very clear what the resources were that were being freed up there, and how we would use that efficiency to best effect in council tax inspections and valuations in other areas.

Q74 George Kerevan: So are you doing more than just cutting back?

Niall Walsh: Absolutely.

Penny Ciniewicz: Absolutely.

Q75 George Kerevan: I have a final few questions on a slightly different subject. I am slightly concerned by some of the comments in your latest annual report in respect to how you comply with the code of good practice for agencies and Departments. I quote very briefly because I was quite worried about the language. You begin by saying, "We adopt the code wherever it is practical to do so". That worries me because I do not think agencies should have that kind of latitude. You say you have not appointed a lead non-executive director because you do not want one. Again, I am not sure that is acceptable. You say the non-executives agree that they have plenty of opportunities to challenge areas of concern, yet they have not given us a separate report within the annual report, which I would expect from non-executives. You say you have not had an independent input to the board effectiveness review, and the chief executive believes that more value is added by having independent input to the executive team. I am not one to impose excessive bureaucracy but I would like you to further explain why it is that, to my mind, loose?

Penny Ciniewicz: The code of good practice is focused on ministerial Departments and they have different governance structures to bodies of the kind that we are part of, an executive agency. Often, ministerial Departments will have non-executive boards and they will have a non-executive Chair, so the circumstances in an agency of this kind differ considerably. That is part of the picture. We certainly give our non-executives the

opportunity to comment very freely on what we are doing, and particularly as part of this review of the compliance with the code they have absolutely the opportunity to say if they feel that is inappropriate. Obviously if they felt it was inappropriate they could also escalate it to HMRC, who are our sponsor Department.

In terms of the independent effectiveness review, actually this year we are currently tendering for an independent review, because we have not had one for a while. Normally, there is a cycle in these things. We did use the National School of Government's maturity model to assess our effectiveness in 2011-12. We have done some more internal reviews supported by data and feedback within the organisation, but there is a time for everything and we are absolutely ready for another external review.

Q76 George Kerevan: What is the timetable for that?

Penny Ciniewicz: We are out to tender at the moment, so I cannot tell you exactly when that will come to pass but as soon as possible.

Q77 George Kerevan: This year?

Penny Ciniewicz: Hopefully, yes, but I cannot guarantee that at the moment.

George Kerevan: I will stop there. I cannot speak for the Committee but, having been on umpteen boards, I have never been happy with the notion that the Chief Executive or the Chair of the board can get away with just talking to board members. I do think it is necessary for good governance for the non-executives to meet on occasion and evaluate how they think the organisation is performing. Doing it on a one-to-one basis can lead to a dangerous laxness in accountability. The next time I see you I might be asking how that is performing. It might actually be interesting to see some of the non-executives in order to be able to discuss with them.

Q78 Mark Garnier: We are now having the next business rate revaluation done in 2017. The last one was done based on 2008 valuations. Is this not rather a long time to wait for revaluations, given that it is meant to be done once every five years? What are your feelings behind this delay, and are you on target to come up with the valuations by 2017?

Penny Ciniewicz: We are absolutely in the midst of that revaluation at the moment. We are at the peak year of our work on revaluation. The valuation date is 1 April 2015, so we are collecting the information that will enable us to value all of the business properties in England and Wales to that date at the moment. We are devoting considerable resources to that. Certainly, we are absolutely on track to deliver that at the moment.

Q79 Mark Garnier: That is very good news, but are you worried that it was pushed back by two years?

Penny Ciniewicz: No, we understood the context in which that decision was taken, and we were able to adapt our plans to do that. We have been able to continue to maintain the list since then.

Q80 Mark Garnier: That is quite an interesting point: you say you adapt your plan, because presumably you had started the work on the basis of the 2013 date?

Penny Ciniewicz: Only just; it was very early days at that point.

Q81 Mark Garnier: I do want to get back to this point in the Chairman's questions on your involvement in public policy, because clearly this strikes me as being another area where actually there are perfectly good reasons why we should maintain the five-year cycle. I am just wondering if, at the time, you pushed back your views to DCLG about delaying this valuation for another two years.

Penny Ciniewicz: We provided some supporting information as part of the decision-making process and that information was published at the time. We provided some estimates of the impacts of the revaluation as it would have been on a five-year cycle. We shared that both with DCLG colleagues—

Q82 Mark Garnier: That was you providing data rather than opinion.

Penny Ciniewicz: No, we provided valuation judgments very much so, because we had not done the revaluation at that point.

Q83 Mark Garnier: But they were judgments on whether the valuation is right.

Penny Ciniewicz: The question of whether a valuation is right to have or not was and is very much a ministerial decision. It is set in statute, so it is one for Parliament as well, and obviously there was a statutory process through which the decision then went, and it went through Parliament some months later. There were obviously significant policy debates in Parliament around that decision and the choices being made there. We provide the valuation input to support that.

Q84 Mark Garnier: The reason I am interested in your views in this is because during the Enterprise Bill report stage, the Earl of Lytton, when it was in the House of Lords, said, "The national non-domestic multiplier—the number of pence in the pound which the rateable value is factored by to give the amount of rates payable—has been going up year on year by a percentage above inflation and now amounts to nearly 50% of the assessed rental value. In real terms, that is probably about 30% to 35% of the amount payable to the landlord in rent in most of the south-east of England; it is more in the north-east and north-west, and I have heard of some instances where ratepayers are paying more to their landlord in rates than in rent."

It strikes me as being extraordinarily frustrating, as far as my representations from local business community are concerned, that we are using valuations based on the peak of the market. The response of the Government has not been to bring one forward when the market has now readjusted from what was quite evidently a massive inflated bubble, inflated by credit—we have rehearsed all these arguments many, many times. Surely the response should have been to have brought forward the valuation in order to try to get back to where the economy has got to, rather than defer it for another two years where we have completely artificial valuations from which the rateable value has been based on. I am just wondering whether you have fed back to DCLG an opinion about whether this was a good idea or not, because you have all the data; you really know what is going on.

Penny Ciniewicz: Just to return to the fact, at that point we had not got the data because we had not done a revaluation, so the impacts of a revaluation—

Q85 Mark Garnier: But you knew the data from 2008 was based on the peak of bubble.

Penny Ciniewicz: We did, and, as I say, we published a paper with our valuation judgments about the impact of a revaluation on the timetable that it was then running on, which was a 2013 date for a 2015 revaluation. Of course, what goes to make the final bill that the ratepayer pays is not just the rateable value. It is the fact that, because overall the system takes a steady amount, relativities are reflected in the multiplier. The policy decision that was taken at that time was that the impacts of doing a revaluation would have seen shifts in payments that would not necessarily have benefitted people in the way that they thought it would, and that was the Government's position on the need to move the revaluation date.

Q86 Mark Garnier: If you look in London—this is residential but is going to have a bearing on commercial property prices—property prices have gone up by 35% since the peak in 2008, whereas if you look in the north, or actually in any of the regions, they are still down, in many cases, on 2008 valuations. What is going to happen when this finally comes into place in 2017? What is the impact going to be on businesses in the regions compared with businesses in central London?

Penny Ciniewicz: It is too early to say at this point. We are not at the stage in the revaluation yet where we are able to comment on that. As I say, there are three elements that go to make up the impact of a revaluation: the valuations themselves, the multiplier, and then the impact of any transitional reliefs or other reliefs that are part of that process. I am afraid it is far too early for us to say what the impact will be.

Niall Walsh: It is probably worth adding that the new revaluation list will come in from 1 April 2017. We will publish on 30 September 2016 the draft list and also all the valuations so people will be able to see that. We do have a statistical publication scheduled for June this year as well.

Q87 Mark Garnier: Just so that I can get my head around it and so people listening can get their heads around it, if region A has property that goes down in value and region B has property that goes up in value over a period, does that automatically mean that region A's business rates will go down and region B's business rates will go up on revaluation?

Niall Walsh: Not necessarily. While usually revaluations are neutral overall, it also depends on the relative movement to the average price between them.

Q88 Mark Garnier: Well, region A is below average and region B is above average in this scenario.

Niall Walsh: Generally it redistributes the values but it will depend on the multiplier and the average movement. For example, if it goes up by more than the average movement then you would expect it would lead to a higher charge on a relative basis, but if it increased by less than the average it may not lead to an increase in the overall charge.

Q89 Mark Garnier: But for Helen's constituent in Durham, it is not inconceivable that they could find that they are paying a similar amount in NNDR as they are in terms of rent, whereas if you are in Oxford Street you could be paying less relative to your rent.

Penny Ciniewicz: All kinds of things are possible. At this stage, as I say, it is too early to speculate about the impact of this particular revaluation. The system works by trying to recognise that overall there is a steady tax take, and the way that that works is by valuing all of the properties in the set period and then looking at the relative movements. The application of the multiplier will produce effects in terms of whether you are higher than the average, lower than the average, and what the relative movements are between different types of property and different parts of the country as well.

Q90 Mark Garnier: When it comes to the policy question again, to get back to this, you may come back and say what is happening as a result of this is that Helen Goodman's constituents in Durham are paying as much in rates as they are in rent, whereas citizens in Westminster are paying half as much. That would be the end of your conversation with the Ministers. The subsequent thing that that seems manifestly unfair considering the relative wealth between the two areas, and the relative inequality, is beyond your remit, is it?

Penny Ciniewicz: We obviously do not design the tax system itself. We do provide the valuations that support that. In this case there are two parts to this process. The first is that we create the valuations. The second is that those valuations are delivered to DCLG or the Welsh Government. The multiplier is then set and that process is part of DCLG's responsibility. There are two sides to the process of revaluation in itself.

Q91 Mark Garnier: I appreciate that, but again you seem to be absolutely steadfast in refusing to say that you ever have a view on whether the policy is fair, and I think it is a fairness element. Perhaps the reason we are pressing this point again and again and again—Steve may pick this up in his point as well, so do not feel you are off the hook when it moves on—is that because you are so close to the data and all the information because you can see all of this, then you are in a better position than anybody else to be able to see whether it is fair. Fairness is ultimately what it is all about.

Penny Ciniewicz: My observation would be fairness is not the same from every perspective. What we try to do is deliver the valuations and the valuation judgments. Again, if you go back to that publication that I mentioned that I think was published in 2012 that supported the decision, we put that information out there so people could see the valuation opinions we had come to, because they were no more than opinions at that stage, so that people could be informed about the potential impacts from our best professional perspective. It was no more than that; it was a professional judgment. People could then make their own minds up about that and how that decision was arrived at from that perspective.

Q92 Mark Garnier: So you provide the data, you analyse the data, you understand the data better than anybody else, possibly, then you hand it over to the wider world for them to decide whether that data demonstrates fairness or not. The point at which there is any judgment on this in terms of whether the Government policy looks reasonable to any normal person, you clearly never have any public conversations about this but you never have any private conversations with a Minister and say, “Actually, you might want to think about this because I think you are probably going to get a bit of a row over it.” Nothing like that ever happens.

Penny Ciniewicz: I am sorry to keep coming back to it, but our role really is to provide the valuations, provide the judgments, and explain what they mean. Obviously, as I have said, there is an interaction between the valuation judgments and policy decisions that are then made. The two things added together add up to a set of advice that Ministers will receive on particular decisions. It is not us that will put in the final advice in that instance anyway.

Q93 Mark Garnier: I am going to ask your view on a policy. We have got the Enterprise Bill coming through Parliament. There is a new process in terms of appeals. Could you help us with discussing what material changes it is going to make to the current process, and if you think it is a good new process or if you think it is a pain in the neck?

Penny Ciniewicz: We are obviously party to the process and the discussions around the process.

Q94 Mark Garnier: So you have had input into this particular policy.

Penny Ciniewicz: We have provided advice, because obviously it is about the administration of the process that we currently run. We handle, as you may know and realise, lots of appeals at present. Obviously we have given input into both the opportunities and the ways in which that might be altered in the future. A consultation has just closed and colleagues are looking at the outcome of that in terms of views that have been expressed on the current process. The intention at the moment is to make that process more rigorous, more transparent and easier for people to navigate, because at the moment large numbers of appeals do come into the system without very much information around them. They take longer than we or ratepayers would like to resolve. The new proposals are designed to address those issues with the current appeal system.

Q95 Mark Garnier: It has been criticised as making you judge and jury of this whole process.

Penny Ciniewicz: There is still a very definite role in the new process for the independent valuation tribunal, which is a clear role, and clearer than at the moment. As it currently stands, any proposal, as they are called when they are sent to us, turns into an appeal automatically after six months¹, no matter what stage they may be at, which is, I think, a very unclear place for the ratepayer to be.

Q96 Mark Garnier: Just to quickly end on this policy point, you did make a very helpful comment there, which is basically where the policy affects your department specifically, then you will have an opinion on it, but not if it is about something that you consider to be outside your remit. Let me just ask you this one question on policy: did you feed back on the policy to defer the business rate from 2015 to 2017? That does affect your department because it affects your working relationship. Did you bounce back any thoughts on that to say that that was a good, bad or indifferent idea?

Penny Ciniewicz: I am coming back to the position that our genuine role in the system is to provide the valuation judgments by supporting the—

Q97 Mark Garnier: Nonetheless you have a work process and you have a work programme. As you have said, you had started that process already, when you were told to hold it back. Did you reflect back to the Minister Brandon Lewis that this was a good, bad, or indifferent idea for any reason?

Penny Ciniewicz: I really cannot comment on advice we have given to Ministers at that level of detail. The record shows, in a sense, that we published that data, that we were very much party to the discussions around that decision. We were providing what we are designed to provide, which is independent property valuation expertise to support the decision-making that went on.

¹ The witness would like to clarify that the actual figure was three months

Q98 Mark Garnier: So in summary you are loyal servants without an opinion?

Penny Ciniewicz: We are, absolutely, statutory officers who execute the law that is created around these several sets of taxes.

Q99 Mark Garnier: So you are law-abiding servants with no opinion?

Penny Ciniewicz: We are law-abiding servants, yes.

Q100 Mr Baker: At the risk of demonstrating once again that Mr Garnier is the prophet of this Committee, I would just like to return to your reaction to the Chairman's questions earlier, because I felt that the transcript will not record the story that the cameras may be able to tell—that your eyebrow waggling and your broad grins, if I may say so, Mr Alsop in particular, perhaps told a slightly different story than the words. I just wonder what the secret inside track is and what kind of policy advice you would want to give if you felt that you were able to give it, and if you do not feel able to give it, how we should approach this problem so that we stimulate the Ministers to ask you for that advice, which I think you have indicated you would give.

Penny Ciniewicz: I do not feel constrained in my ability to give policy advice. I do not think the agency feels constrained in that respect. I do not think, as I have said before, I can suggest that we are the main providers of policy advice, but if we are asked we will certainly provide it.

Q101 Mr Baker: It feels like this Committee's job might be to ensure that you are asked.

Penny Ciniewicz: We are regularly asked. I do not want this Committee to go away with the feeling that we are not part of conversations with policy colleagues, but I am not the provider of policy advice, nor is my agency the provider of policy advice. We contribute to policy colleagues' deliberations with our experience of our operational delivery expertise and our valuation expertise. That is what we are here to do. I would not want the Committee to think that we are somehow excluded from conversations. We are not.

Q102 Mr Baker: Do you recognise that for some businesses, particularly small ones and possibly, if I may say so, marginal businesses, if they are paying the wrong level of business rates that might actually make the difference between being in business or folding?

Penny Ciniewicz: Absolutely; we take that very seriously.

Q103 Mr Baker: Turning to the level of appeals you have, you do process an enormous number. I understand in 2010 you received nearly 900,000

challenges to the ratings for business rates. Why did so many people feel that was necessary?

Dyfed Alsop: I think that is on the 2010 lists, as opposed to on that one year.

Mr Baker: I beg your pardon—on the 2010 list.

Penny Ciniewicz: I will start and colleagues may want to comment. As we have described in terms of the way the appeals system currently works, we do get very high volumes of appeals. It is fair to say the majority of those come in with very little information indeed about what the issue is. Indeed, people or agents appealing are required to give us very little information in the current system about what they perceive the problem to be. That creates quite a degree of difficulty for us in discharging those appeals quickly. They really only have to say that the valuation is incorrect and excessive and wrong in law, and it is a valid appeal. We are presented sometimes, and we were indeed at the end of the last financial year, with a very high volume of appeals created by the fact that backdating was to cease on successful appeals. Within that, actually, we strive as much as we can to identify appeals we can deal with as quickly as possible, particularly where people may have a problem. We do have a process for dealing with ratepayers who are suffering hardship and we will expedite those appeals, and we work very closely with the valuation tribunal to do that. The vast majority of appeals do not come in that context. For the vast majority of those appeals we have to work rather harder to work out what the problem is and get people to talk to us.

Q104 Mr Baker: I am just looking at the numbers now and quite a considerable number of questions present themselves, but you deserve congratulations: July 2015, I understand, you resolved 158,540 appeals in one month.

Penny Ciniewicz: No.

Mr Baker: Oh, that is the cumulative number.

Penny Ciniewicz: That is the Chancellor's target that was set that we should clear appeals that had come into the agency by September 2013, by July 2015. That was measuring that stock of appeals, total 168,000, of which we cleared the number you just quoted.

Q105 Mr Baker: If I was to look at, say, December 2013, you cleared 36,000 in that month, and it looks like you did 40,000 in March 2014, or you had done an additional 40,000. How many per month do you normally resolve?

Penny Ciniewicz: It depends year to year, because we flex our resources between revaluation and handling appeals. At the moment we have a lot of our people working on the revaluation, so we are clearing fewer appeals this financial year than we have done in previous financial years. Appeals differ in complexity so the numbers that may be cleared at any one time vary. I am not sure there is an average. I suppose if you look over the last five years or so, the peak was 236,000 in one year; the lowest, last year, was 130,000. It varies over that cycle.

Q106 Mr Baker: Just looking at the numbers in the brief, it says here you resolved over 36,000 appeals in the space of three months in late 2013, so it feels like you maybe do about 12,000 in a month. Even so, that is a large number. You said you flex your staff but how many people do you have? I am trying to get to, if I cut to the heart of it, how long you would expect a person to spend resolving an appeal, on average? You have explained that there would be a range of difficulties, but on average how long do you think it would take? A close approximation would do.

Penny Ciniewicz: I could not give you an approximation because they are very different in substance.

Niall Walsh: It really does depend on the nature. Some appeals can be resolved very quickly; it is just a factual issue and straightforward and people give us the information. Other appeals might end up going to the Supreme Court and you may have a whole body of appeals stacked up awaiting a Supreme Court judgment.

Q107 Mr Baker: I am just wondering how you could clear 36,000 appeals in three months and yet do so in a way that all of us could be proud of as a professional—

Niall Walsh: I am actually very proud of some of the work we did. You referenced earlier about the Chancellor's target, which was to clear 95%. We actually achieved 94.3%. I think it is a really good example of our people working extremely hard and working in close collaboration with the Valuation Tribunal Service. I do personally feel that there is a very high professional standard and, of course, we are held to account through the valuation tribunal, and through the higher courts as well, on those professional judgments.

Q108 Mr Baker: What is the backlog now and what progress do you think you will make in finishing clearing it?

Niall Walsh: We have 290,000 appeals outstanding currently—

Penny Ciniewicz: That was on 31 September.

Niall Walsh: I beg your pardon—31 September. Between April and September we received 46,000 appeals, so they are coming in currently at about 8,000. As Ms Ciniewicz has outlined, because there was a restriction on the backdating of appeals we received a large number in one month: 195,000 appeals were received in March 2015 alone. That is a significant number, which we are now working through. Our key priority is looking at our revaluation. That is where we have 550 members of our staff deployed on a revaluation and, as Ms Ciniewicz has also outlined, we do flex our resources between the two. As the revaluation is now coming towards completion, we will start to move people across back on to appeal clearance.

Q109 Mr Baker: We always do try to avoid raising individual cases from our constituencies in these hearings, but I do have a case in mind, in which, for me, the valuation was just very obviously wrong. I will not bore you with the details

but it was just very obviously wrong. We wrote letters and there seemed not to be a resolution. What would you say to businesses that feel that they have got the wrong resolution to an appeal yet they have got limited resources—they might be a small high street shop? What should they do if they are really on the cusp of going out of business because they feel quite rightly, in my view, that they have got the wrong valuation? What should those businesses do?

Niall Walsh: Contact us immediately if they have got concerns, particularly highlighting if it is causing hardship or financial constraints. It is not a matter of going through formally. We will look to prioritise those appeals. It must be emphasised that around 70% of all appeals result in no change to the valuation list, but there clearly are instances where valuations need to be corrected, and we want to get to those as quickly as we can and rectify those. Just contact us: pick up the phone or email us.

Penny Ciniewicz: As I have already said, we do work closely with the valuation tribunal, so if we are not able to agree with your constituent on the valuation they can appeal to the valuation tribunal and we will support an early hearing.

Q110 Mr Baker: I will go back and revisit the correspondence but if the pattern that I have seen is repeated frequently, then quite a few businesses will perhaps struggle to match what I know you have said in good faith to their experiences. I will certainly write again to you but outside the Committee.

Penny Ciniewicz: Please do.

Q111 Chair: I would be very grateful if you could keep in touch on that point and give us any information that you think might be relevant with respect to this question of businesses on the cusp of being put out of business. We are extremely concerned about it and we all have it in our constituency mailbags.

Penny Ciniewicz: Of course. All I can say is that I would re-emphasise my colleague's comments that if there are organisations that are feeling that they are on the cusp and are suffering from hardship, they should contact us and we will expedite that as swiftly as we can.

Q112 Chair: Getting it done swiftly is the thing that we are anxious to ensure takes place, and your description appears to vary from what we are being told is the experience.

Penny Ciniewicz: I would observe that one of the issues may sometimes be that people do not necessarily always tell us that they are suffering from hardship. They may appeal but they may not actually articulate that to us. Sometimes, you may see a case and only quite late in the day people then say, "I am suffering from hardship and I have been". Obviously if we are not told we do not know. That would be something we would encourage people to do if that is the case.

Chair: Thank you very much for coming to give evidence to us this afternoon. We are very grateful. I expect you will come to see us again before too long as there is plenty going on in your field. No doubt we will take a number of the issues that we have raised a bit further. You can tell that there is quite a bit of interest around this Committee on what you are doing.

Penny Ciniewicz: We are grateful for that. Thank you.