



## **ACS Submission: Business Rates Technical Consultation**

ACS (the Association of Convenience Stores) represents 33,500 local shops and petrol forecourts including Co-op, McColls, BP and thousands of independent retailers, many of which trade under brands such as Spar, Nisa and Costcutter. Further information about ACS is available at Annex A.

We support more frequent revaluations to better balance how rateable values track with the property market with certainty for business. The proposed measures around property data to enable more frequent revaluations are burdensome and the consultation underestimates the administrative and financial cost for ratepayers.

Retailers have no issue with providing information to the VOA, but this should be done in bulk as per the existing 'forms of return'. Annual confirmation returns and updates associated with lease events for every hereditament would place undue burdens on ratepayers. Requiring one annual confirmation return per business for all hereditaments would still supply the VOA with the data it needs but significantly reduce red tape for business. The 30-day timescale to comply should be extended to account for retailers with large property portfolios.

An accessible and functioning appeals system is fundamental to a fair and coherent business rates system. The Check, Challenge, Appeal system is complex and inefficient, characterised by extended uncertainty over rating decisions. Introducing a 'window' for submitting challenges from the beginning of an active rating list must not prevent some retailers from successfully lodging a challenge or increase agent costs. There must be enough professional support available in the marketplace to meet ratepayer demands and deadlines without undue inflation for related fees. The three-month timescale for challenge should be extended to eighteen-months to align with the VOA.

Subject to these amendments, the business rates review as a policy package is positive. We especially welcome the introduction of the improvement relief that will provide positive incentivise for retailers to invest. We continue to urge the government to publish their consultation on an online sales levy which rebalances the tax base and offsets escalating bills for bricks and mortar retail.

**For more information, please contact ACS Public Affairs Manager Steve Dowling via [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk)**

## **PROVISION OF INFORMATION**

### **Q1. Do you have any views on the proposed implementation of the information provision system? What issues should be considered in the design of the new system?**

We recognise that earlier access to up-to-date property data can only help the VOA to produce more accurate rateable values and reduce case numbers in the appeals system. However, requiring retailers to annually confirm property data in addition to notifying the VOA about changes potentially affecting rateable values when they occur would be a significant administrative burden for businesses of all sizes in the sector. The absence of an impact assessment means this appears to not have been fully considered. There is also no mention about whether a property change made very close to an annual return date would need to be confirmed by both processes. The process for submitting data must be clear and simple for convenience retailers of all sizes.

### **Q2. Can you see any difficulties in collecting this information or providing it to the VOA? Is there any further information that should be provided?**

The information requested would be the same as what is already requested under the VOA 'Forms of Return'. The VOA already receives lots of property data via this scheme but must be properly resourced to analyse and use it. Retailers should be able to identify the relevant information specific to their property by accessing the online service. How user-friendly the online service and associated guidance is will be key to any successful rollout of new requirements.

### **Q3. How can the VOA best help customers understand what is needed and how to provide it?**

Meeting VOA requirements on submitting property information must be simple and clear for all retailers, whether responsible for one property or thousands.

The VOA should issue reminders to support ratepayers to comply with their obligations. This should be done in collaboration with billing authorities to prevent duplicate requests for property data. Reminders should be personally addressed to ratepayer contacts, given the significant amount of generic contacts businesses receive via post and email.

Further practical support should include enabling ratepayers to download questions in advance, with further explanations where required. This would allow research to be done in full before submitting data in one go after visiting gov.uk and the online service.

### **Q4. How do you want to be engaged with as this system is developed?**

The ACS Property Group convenes senior property professionals and independent retailers from across the convenience sector, typically Property Directors, Estates Surveyors and Valuation Managers. We could utilise the Property Group to provide feedback direct from people testing the service. We could also contribute towards developing the system's associated guidance with a small cohort of members, and, into the future, would welcome officials for a discussion on aspirations to shorten the antecedent valuation date relative to revaluation dates.

## **SUPPORTING RATEPAYERS TO MEET THEIR OBLIGATIONS**

### **Q5. Does the proposed framework strike the right balance between a system of proportionate and flexible sanctions, and one which helps ratepayers to meet their obligations?**

The sanctions framework is fair. Penalties should be applied where ratepayers deliberately provide false or misleading data, to prevent gaming of the system. A penalty regime emphasises the importance of the VOA asking for factual data alone, rather than asking complex questions which

require interpretation from unrepresented ratepayers. This would unfairly put smaller retailers at risk of non-compliance and realistically require them to use consultancy services. Issuing penalties should be a last resort after repeated attempts to remind and support with compliance. There should also be an appeals process after the issuance of penalties which is independent of the VOA.

**Q6. What would you wish to see in an online service to best help ratepayers meet their obligations?**

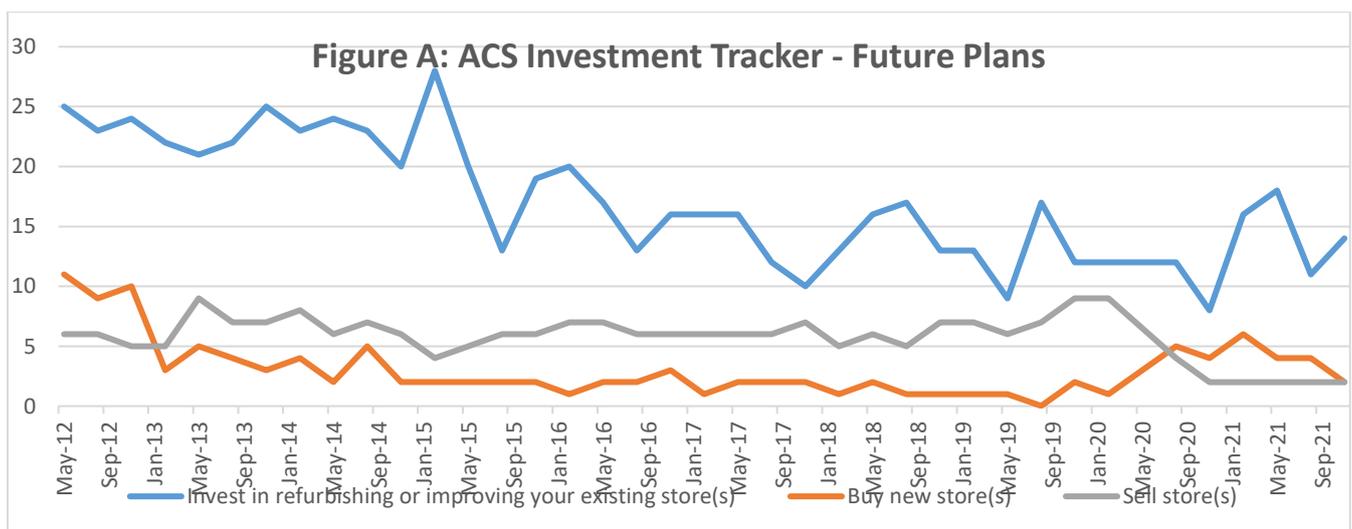
The sanctions framework will only be fair if the online service is supplemented with comprehensive guidance aimed at ratepayers without professional property expertise. The guidance should be user-friendly and clearly outline how retailers can fulfil new requirements to notify. The guidance must be clear about what ‘changes to terms’ in a lease would be covered by a duty to notify and what ‘physical alterations’ to a property might also require notification.

This is important for both parties – retailers need to have confidence to use the system efficiently while excess and unrelated property information could frustrate VOA administration. This is especially important after experiences with the introduction of the VOA portal for Check, Challenge, Appeal. Retailers will be motivated to keep their property information up-to-date, if that becomes a requirement for lodging a challenge or appeal.

**Q7. Under what circumstances would 30 days not be enough time for ratepayers to meet their obligations?**

30 days is not enough time for ratepayers to meet the proposed obligations.

Figure A illustrates how 14% of convenience retailers plan to refurbish or invest in their store over the next year, while 4% plan to either buy or sell stores. These statistics align with members reporting that around one-in-five stores per year may have ‘lease events’ requiring notification. In addition, the annual confirmation would take an estimated 20-minutes per hereditament based on the time taken to ‘claim’ each property following the 2017 revaluation.



These requirements would therefore demand significant time and cost to meet. Convenience retailers with diverse property portfolios would struggle to meet the deadline and need to draw on external support or hire a senior property professional to comply. This would be an inflated cost due to simple supply and demand as other large businesses take the same approach (see Q8). The volume of work would increase the likelihood of unintentional mistakes. This is another reason why we support annual

confirmations only, building on the existing forms of return or VORC scheme, without in-year updates around lease events.

**Q8. What processes might ratepayers have to put in place to meet their obligations and what costs might this bring?**

Larger convenience store operators would need to have additional dedicated in-house resource to ensure the correct data is collected and uploaded. This would need to be done by an individual who is knowledgeable about property with a senior salary. Retailers involved in the forms of return or VORC scheme would also need to rework internal processes to move from providing data on a bulk basis to individual hereditaments.

Independent convenience retailers are not property professionals and will be reliant on VOA guidance and communications to meet their obligations. There will be training time to consider around familiarising with the new requirements in addition to time spent physically completing and submitting information to the VOA. Requiring both in-year updates and annual confirmations will make this a more burdensome process than it needs to be.

**Q9. Do you have any suggestions for how this compliance framework could be improved? If so, please provide evidence or scenarios.**

The government compliance framework as drafted creates a key risk, by asking some retailers to self-declare property information in relation to a tax they do not pay because of business rate reliefs. Retailers not paying business rates due to Small Business Rate Relief will have no real experience dealing with the VOA or local council on business rates and may assume correspondence has been sent to them by mistake. We would support the property information requirements being removed for properties under the rateable value threshold for Small Business Relief. This would also enable the VOA to focus on property data related to properties which pay business rates.

New duties to notify should be implemented at the start of the 2026 rating list, to give ratepayers sufficient time to test the online portal and for the VOA to develop its guidance and run an awareness campaign. Lessons must be learnt from the rollout of the Check, Challenge, Appeal portal. Sanctions should not be implemented until the 2029 rating list, beginning with restrictions on ability to appeal rateable values before financial penalties.

All retailers will want to comply to ensure they are paying the right tax based on accurate property valuations. However, the VOA should prevent retailers from being asked to provide the same information to the VOA and/or billing authorities more than once, as a priority, rather than a long-term ambition.

**APPEALS REFORM AND TRANSPARENCY**

**Q10. Do you consider that the proposed reform to the rules on MCCs will ensure that changes in economic factors, market conditions or changes in the general level of rents are reflected at revaluations? If not why not?**

There is no quantitative test about what constitutes a material change in circumstance (MCC). We understand the Government legislating against MCC appeals citing the Covid-19 pandemic. However, MCC appeals play a valuable role in supporting business viability when unforeseen circumstances are faced. For example, major roadworks and other significant changes to the local trading environment can reduce trade significantly for extended periods of time. The complexity of the appeals system means retailers do not submit MCC appeals where the financial loss faced is not significant. Removing

MCC appeals entirely would reduce access to fair bills, but we understand factors arising from legislation, licensing or the use class system should not be considered MCCs.

**Q11. What are your views on the proposed improvements to the CCA system. How else could we improve CCA in a system under which ratepayers are now providing information under the new duties?**

We support introducing any new ratepayer duties alongside the removal of 'check' at the beginning of the 2026 rating list, following extensive user-testing for the online service. However, we are concerned about unintended consequences from a three-month window to submit a 'challenge'. Restricting when retailers can submit challenges would effectively reduce access to appeals and accurate business rates bills.

Three months is not a long enough timeframe in which to expect a retailer to first ensure all property data is up-to-date with the VOA by complying with the new duties to notify, before then assessing whether to submit a challenge. Submitting a challenge requires proposing an alternative valuation and so involving external agents, making it more unlikely that ratepayers could meet the three-month deadline to appeal their valuation.

This timeframe would create an artificial peak in demand for business rates appeals agents, significantly increasing costs for business. Convenience retailers with large property portfolios will not be able to complete many annual confirmations in time to submit appeals. The Scottish Government operates a six-month window to appeal which puts significant strain on agents and costs to review assessments for retailers.

The effect of the above is that ratepayers may feel pressured into submitting sub-par challenges to comply with the short timeframe. The three-month timeframe should be extended to 18 months alongside a retained VOA 18-month timeframe to resolve a case. It should not take three years to conclude a business rates appeal.

**Q12. Are there particular considerations that the respondents consider the government should have particular regard to when moving forward with phase 2 of transparency?**

The guidance alongside new transparency provisions would need to make the data more accessible. That guidance would need to include plain English explanations of the RICS/VOA measuring standards and zoning approaches used for most convenience stores, as well as the receipts and expenditure model used for petrol forecourt sites. This guidance should also set out how MCC appeals are assessed.

**IMPROVEMENT RELIEF**

**Q13. Will the proposed rules for the improvement relief ensure the relief flows to occupiers who are investing in their business?**

Yes. The eligibility conditions as drafted would support retailers to make property improvements, which support sustainability and enhance employee wellbeing, by upgrading the physical work environment.

There should be an appeal mechanism if certification is withdrawn or not calculated correctly. This should be possible via the challenge system but without a requirement for these to be submitted at the start of a rating list. Improvement relief related appeals should be quick, factual-based cases, and so able to be lodged in all years of the rating list.

**Q14. Do you consider that the 2 conditions will give effect to the stated policy intent?**

Yes.

**Q15. Do you agree that the proposed method of reaching the chargeable amount will achieve the objective of preventing ratepayers who have undertaken qualifying works from seeing an increase in their bill for 12 months as a result of the qualifying works?**

Yes. However, we believe that improvement relief should prevent ratepayers from seeing increased bills for three years rather than 12 months. This would improve the effectiveness of improvement relief as a lever for economic growth by having a greater influence on financial investment decisions.

### **GREEN MEASURES**

**Q16. Do you agree that the proposed changes to the plant and machinery regulations would ensure that plant and machinery used in onsite renewable energy generation and storage used with electric vehicles charging points are exempt?**

The main impact for convenience retailers will be via the exemption of electricity storage for electric vehicle charging points and solar panels. This will support government and business objectives around sustainability. This consultation process should also ensure that deposit return scheme vending machines are exempt from business rates bills – as they are in Scotland – to support the effective implementation of this new national infrastructure for recycling.

### **OTHER ADMINISTRATIVE REFORMS**

**Q19. Do you agree that decisions on the operation of local discretionary relief schemes should be localised to billing authorities in the way proposed. Do you consider any rules should still be imposed from central government and if so why?**

We agree that councils should be able to retrospectively award business rates relief. Hardship relief is another way councils could support businesses in difficulty but is underused.

Councils should also not be turned off from issuing discretionary relief by administrative requirements for issuing notices to ratepayers. This is unnecessary bureaucracy which should be removed.

**Q20. Are local authorities, ratepayers or other interested stakeholders aware of any other instances where existing constraints on section 47 relief are giving rise to administrative challenges or unintended practical outcomes?**

Greater funding streams should be found to support the use of discretionary relief by financially restricted councils to support business survival, growth and high street vitality. Local authorities have existing powers under the Localism Act 2011 to grant business rates discounts to any local business according to its own criteria and discretion, with these discounts 50% funded by central Government. The proportion of government funding should be increased to make discretionary relief more financially viable for local councils to apply.

**Q21. Would the proposed reforms to the multiplier improve the administration of the system and if not why not? Do you agree that the deadline for confirming the multiplier should no longer be tied to the approval of the local government finance report?**

CPI indexation would bring the multiplier in line with economic best practice and other tax regimes. Draft multipliers should remain published at autumn fiscal events to provide notice for retailers which supports business planning.

**For more information, please contact ACS Public Affairs Manager Steve Dowling via [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk)**

# Annex A – About ACS

## ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.



Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.

## WHO WE REPRESENT

### INDEPENDENT RETAILERS



ACS represents almost 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

### SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

### MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 13,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

## THE CONVENIENCE SECTOR



In 2020, the total value of sales in the convenience sector was £44.7bn.

The average spend in a typical convenience store transaction is £7.46.



There are 46,955 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 412,000 people.

13% of independent/symbol stores employ family members only.



22% of shop owners work more than 60 hours per week, while 24% take no holiday throughout the year.

72% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

80% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2019 and May 2020, the convenience sector invested over £585m in stores.

The most popular form of investment in stores is refrigeration.

## OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

### ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

### ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

### ACS LOCAL SHOP REPORT

Annual survey of around 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,700 stores. The Local Shop Report also draws on data from Lumina Intelligence, IGD, Nielsen and William Reed.

### BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit [www.acs.org.uk](http://www.acs.org.uk)