

Appendix 2: The reduction in appeals numbers in 2018/19 and the incidence of the cost of appeals provisions since 2013/14

1. Introduction

1.1. After the meeting of Scrutiny Board (Resources and Strategy) in November 2018 the Board requested an update on the following information: -

- The continued reduction in the number of appeals against the 2010 ratings list in 2018/19.
- The incidence of the cost of appeals since the beginning of the Business Rates Retention Scheme (BRRS) in 2013/14.

1.2. This note will present that information.

2. The reduction in the number of appeals of appeals in 2018/19

2.1. **Table 1** below shows the reduction in appeals against the 2010 ratings list in 2018/19.

Table 1: Appeals against the 2005 and 2010 Ratings Lists settled in Leeds in 2018/19

Month	Appeals Outstanding	New Appeals lodged	Other changes	Appeals settled resulting in a change to RV	Appeals settled leading to no change in RV	Appeals Outstanding
April	2,628	6	1	-37	-50	2,548
May	2,548	4	4	-54	-89	2,413
June	2,413	4	29	-54	-89	2,303
July	2,303	5	1	-32	-167	2,110
August	2,110	2	2	-15	-83	2,016
September	2,016	8	0	-31	-150	1,843
October	1,843	0	7	-40	-103	1,707
November	1,707	0	-1	-14	-25	1,667
December	1,667	0	-9	-51	-132	1,475
Total	2,628	29	34	-328	-888	1,475

3. The incidence of the cost of appeals provisions since 2013/14

3.1. Provisions for losses must be created, according to proper accounting practices, when: -

- An event occurs that, on the balance of probabilities, is likely to cause a cost to an organisation and:
- The organisation can make a reliable estimate of the cost.

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3.2. Leeds City Council therefore makes a provision for appeals against Rateable Value (RV) when it becomes aware of an appeal that it believes will result in reduction to RV in the city. This is when an appeal first causes a cost to the Council. **Table 2** below shows the incidence of the creation of provisions for appeals since the beginning of the Business Rates Retention Scheme (BRRS).

Table 2: The annual creation of new provisions for appeals

Year	Opening provisions	Appeals charged to provisions	New provisions created	Closing provisions	Leeds share of cost of new provisions
2013/14	0	0	-23,095,265	-23,095,265	-11,316,680
2014/15	-23,095,265	22,589,093	-40,966,799	-41,472,971	-20,073,732
2015/16	-41,472,971	32,731,184	-14,489,053	-23,230,840	-7,099,636
2016/17	-23,230,840	15,010,426	-14,737,620	-22,958,034	-7,221,434
2017/18	-22,958,034	20,894,661	-10,470,249	-12,533,622	-5,130,422
2018/19	-12,533,622	4,537,472	-9,192,002	-17,188,152	-9,100,082
Total	0	95,762,836	-112,950,988	-17,188,152	-59,941,985

3.3. In 2014/15 the high level of the cost of provisions was caused by the statutory deadline ratepayers faced on 31st March 2015 to lodge an appeal and be able to backdate those appeals to the beginning of the 2010 ratings list. Approximately 4,450 appeals were lodged in Leeds in the 2 months just before that deadline.

3.4. The less dramatic increase in costs to Leeds share in 2018/19 is due to increased retention in that year, i.e. Leeds share is 99% rather than 49% in that year. Also the Council became aware that appeals against the separate valuation of bank ATMs in supermarkets was likely to be successful after a decision in the Court of Appeal, contrary to previous advice. Additional provisions of approximately £5m had to be created.