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Baroness Tonge, Lord Beecham,
Lord Shipley and Lord Kennedy
House of Lords
London
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9th January 2017.

Dear Colleagues,

I undertook to write to you following the Business Rates: Devolution and Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 debates in the Lord's Chamber on 21 December – in particular about the possibility of a council tax property revaluation and band readjustment.

In England, homes are put into one of eight valuation bands based on their capital value on 1 April 1991, not what the property is worth today. Newly constructed properties are also assigned a nominal 1991 value. This is so all properties are valued on a fair and consistent basis. The purpose of banding is to arrive at relative values of homes in an area, rather than assessing the actual value of each one. The current system of bands is intentionally designed to strike the right balance between the previous systems of the Community Charge and of domestic rates.

Revaluation is expensive and could lead to higher council tax. The Government is committed to keeping council tax low, and has no plans for a revaluation which would be expensive to undertake and would result in increases in bills for many households. This is what happened when a revaluation was undertaken in Wales in 2005, when 33% of all homes there were placed in a higher band, compared to 8% of homes that were placed in a lower band. It is also pertinent to note that two thirds of the net rises were amongst homes originally in Bands A-C, meaning that, in that case, revaluation hit the less well-off households the hardest.

I would like to thank you for your contributions to the debates, and for raising this matter.

I am placing a copy of this letter in the Library of the House.

Yours ever

LORD BOURNE OF ABERYSTWYTH