BUSINESS RATES NEWSLETTER
SPRING 2022

Vickery Holman
Property Consultants

Business Rates Reform

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Business Rates Reform

Since 1 April 2017 an appeal against the business rates being charged for a property must be made through a process called Check Challenge Appeal known as CCA.

The main features are:

- All submissions must be made to the Valuation Office Agency (VOA) through their online portal
- The rate payer must set up an account, claim the property and appoint their agent before anything can be done
- The first Check stage addresses only factual errors when issues such as incorrect floor areas are dealt with
- Once the Check is resolved the Challenge stage then deals with arguments on value
- The final Appeal stage to the Valuation Tribunal happens if the rate payer is not satisfied with the result
- No new evidence or arguments can be introduced after the Challenge stage
- The process is long and drawn out with a maximum of 12 months for each stage to be completed.

The process has proved difficult, but we have learned to live with it. Now future changes have been announced that rate payers and advisors will have to adapt to once more.

In the past all properties have been revalued every five years and that time lag has caused big problems when the economy has changed suddenly in between. A recent review of the business rates system has focused on solving that by increasing the frequency of revaluation to every three years.

The current CCA system does not fit that timescale and would result in appeals not reaching a conclusion before the next revaluation and a mess. As a result, changes have been announced that are aimed at speeding the process up but potentially make appeals even more difficult. Things will remain the same for the next 1 April 2023 revaluation but will be very different after that.

From the 1 April 2026

- **The Check and Challenge stage will be combined into one**
- **The new combined Challenge must be made within three months by 30 June 2026**

The implications are that within 6 months of finding out the new valuation the rate payer will have to assess if it is correct, gather all the evidence to support a lower valuation and be prepared to submit a detailed statement of case. Not an easy task and one to be well prepared for.

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Growth of Business Rates Consultancy Service

I am delighted to report the growth of our Business Rates Consultancy Service in terms of surveyors, turnover and profit we contribute to the wider Company.

With demand for our services continuing to grow, we have an expanding team of specialist Rating surveyors across all levels, enabling us to assist Clients across the whole of the South West, including our expanded coverage offered from our Bristol Office.

Business Rates have been a 'hot topic' of conversation over the last 18 months, with many businesses trying to minimise their liability during what has been a period of little to no income for some. I am delighted we have been able to help Clients in a whole range of sectors including the leisure and hospitality industries and the core commercial sectors. Reflective of the demand for residential property across the South West, we have seen an uplift in enquiries to mitigate our Clients liability whilst properties are undergoing development works, for example, where an office building is being converted to flats, and during void periods, where properties are empty and still liable for Business Rates.

With the introduction of the Business Rates Check, Challenge, Appeal system in 2017, it has become increasingly difficult for occupiers of commercial property to check the accuracy of their Business Rates assessment. This, combined with the minefield of reliefs available and rating case law, reinforces the importance of the support we offer to businesses and I am proud the expanded team are able to offer a complete service.

I hope you find the articles in this newsletter of interest. If you require any assistance with a business rates appeal, an empty commercial property, or a property undergoing refurbishment or redevelopment, we would be delighted to hear from you.

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Business Rates Assessments – Checks, Merges and Corrections

One area in which we work a great deal is actioning splits, mergers and other physical changes to a property or site. These can either be changes that have been made recently or could reflect an inaccuracy of VOA records from many years ago. Depending on the facts of the case, we can backdate any splits, mergers or changes as far back as 1st April 2017.

Occupiers may expand into next door offices, in which case merging the properties for business rates purposes may be beneficial. The Rateable Value of most types of commercial property is based on a price per square metre. This is determined through analysing comparable evidence and with the knowledge of the surveyor. Generally, the larger a property is, the smaller the price per square metre is. For this reason, it is often beneficial to merge two adjacent properties which have the same occupier. To merge properties, they must be contiguous. This means the rooms must share a wall to wall or ceiling to floor connection. They do not require a door between them, which means many more individual rooms are eligible to be merged into a larger assessment.

Splitting a property into two or more assessments could also be beneficial to an occupier. Often an occupier will have separate companies for different functions of their business. Arranging for each business to be located in a different room (assessment) often means small business rates relief can be applied, saving the client the cost of their original rates bill. Vickery Holman are experts in this field and would be delighted to advise you further.

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Rates Mitigation During Redevelopment or Refurbishment

Vickery Holman are particularly well qualified to help mitigate your business liability should your property be undergoing refurbishment or redevelopment.

Our rating consultants have an excellent record of assisting commercial property owners, occupiers and developers and recent successes have seen tens of thousands of pounds in savings secured for our Clients.

Whether you are converting a commercial property into residential accommodation, reconfiguring a commercial property, changing the use of a commercial property or planning extensive refurbishment to a commercial property, we can advise you.

Our Rating Consultants specialise in advising you whether planned works to your commercial property, or works already being undertaken, will qualify for the removal of your business rates assessment from the Rating List. We have the requisite expertise to apply the principles of the decisions in Newbigin (VO) v. Monk and Jackson (VO) v. Canary Wharf Ltd to your case and to advise as to the best timing and approach to secure a reduction in your business rates. We will submit a detailed Check to the Valuation Office Agency and negotiate on your behalf to achieve the best possible savings.

Our expertise in this field also extends to applying for the removal of residential properties, subject to Council Tax, from the Council Tax Valuation List during programmes of redevelopment or refurbishment.

It is important to take action whilst work is going on. We handle projects of all sizes and would be pleased to offer our advice on mitigating your rates liability during any current projects, or those planned for the future.

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Business Rates Relief

Empty Property Rates Relief

Most property types are exempt from business rates for the first three months they are vacant. After this time, most businesses must pay full business rates, although there are some exceptions.

Some properties can get extended property relief; for example, industrial and warehouse properties are exempt for a further three months giving them six months before the owner or occupier must pay business rates.

The exemptions include:

- **Listed Buildings (Until they are re-occupied)**
- **Buildings with a rateable value under £2,900 (until they are re-occupied)**
- **Properties owned by charities if the property's next use with be mostly for charitable purposes**
- **Community amateur sports clubs' buildings if the next use will be mostly as a sports club.**

If your property remains vacant and empty property rates relief no longer applies, we offer a fully compliant solution which can mitigate your liability until such time as your property is re-occupied. Furthermore, if your property is partially occupied, in some circumstances we can apply to the local billing authority on your behalf to award temporary relief for the part not in use.

Small Business Rate Relief

You can get small business rate relief if your property's rateable value is less than £15,000, depending on certain criteria. You will not pay business rates on a property with a rateable value of £12,000 or less. For properties with a rateable value of £12,001 to £15,000, the rate of the relief will go down gradually from 100% to 0%. If your Rateable Value is close to either of these thresholds, it could be worth reviewing your business rates assessment – we have saved thousands of pounds for clients whose Rateable Values should have been below £12,000.

Rural Rate Relief

You could get rural rate relief if your business is in a rural area with a population below 3,000 and the property you occupy fits requirements specified by the Valuation Office Agency.

Charitable Rate Relief

Charities and community amateur sports clubs can apply for charitable rate relief of up to 80% if a property is used for charitable purposes.

Please contain Vickery Holman to ensure you are receiving the reliefs for which you should or could be eligible.

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Business Rates and the Leisure Sector

Undoubtedly the past 18 months has been a turbulent time for the leisure sector. Pre March 2020 no one knew the true impacts on our daily life and business as we knew it, or what the words 'pandemic' and 'lockdown' really meant. We saw pubs, hotels and holiday parks closed just before the 2020 season had begun, missing the usual boost from Easter (which incidentally was a glorious sunny weekend) plus missing the May bank holidays and Whitsun half term week. It was early July before doors were finally allowed to open.

With our hotel, holiday park, holiday lets and public house client base spanning the South West, fortunately for many of them, once open they traded well and chipped away at some of the losses of the previous months. This wasn't easy though with staffing issues, contact track and tracing and the resultant ten day closures as staff had to self-isolate, or as cases were identified in their business premises. There were further lockdowns in November 2020 and the first few months of 2021 before early in April 2021 when businesses were allowed to reopen again. 2021 has been plagued with continuing staff shortages and problems with deliveries. The end of 2021 saw the introduction of certain restrictions as the Omicron variant cases rapidly increased.

So how did this impact on the business rates liability for these premises? Fortunately, the government were swift to introduce an enhanced Retail and Hospitality Relief scheme which saw 100% business rates relief for 2020 for premises in the hospitality sector. COVID-19 grants were also available up to £10,000 for eligible businesses.

2021 has benefited from a scaled back scheme which saw 100% relief for the first part of the year with 66% relief from July for the remainder of the year. The Autumn budget announced a 50% relief scheme for 2022/23 which will bring much relief to the sector as they continue to ride the turbulent waves of the pandemic.

During this time our business rates team have been busy limiting client's rates liabilities where possible. Acting on behalf a chain of public houses and restaurants in Cornwall, we secured a reduction in Rateable Value from £76,500 to £69,500, resulting in savings of some £7,500 since they took occupation of the premises in 2019. Elsewhere in Devon we successfully reduced an RV on a public house from £65,800 To £12,000, enabling the client to qualify for small business rates relief and consequently reducing their liability to £0. We've seen an equestrian centre's rates split resulting in a £0 rates liability and a large hotel with 57 bedrooms with a Rateable Value reduction from £163,500, to £122,000 due to an incorrect valuation of the premises, saving circa £58,000 rates liability before COVID-19 reliefs.

April 2023 will see the 2023 revaluation which was postponed from 2021. Our leisure clients have been completing their 'Requests for Information' in recent months as the VOA compile their factual and accounting information in readiness to revalue all assessments. As always, the valuation date is two years before the revaluation - April 2021 - and will have regard to the previous three years trading accounts. This of course means that the 2020 season during the height of the pandemic will be one of the years formulating the revised Rateable Values. It remains to be seen what the VOA will do with 2020 trade information, when much of the year was in lockdown and the hospitality sector closed. I suspect that the previous two summer seasons in 2019 and 2018 will be more formative than the 2020 season. We are expecting draft Rateable Values for the 2023 Revaluation to be issued in Autumn this year.

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