

Business Rates

Rating Consultancy Services

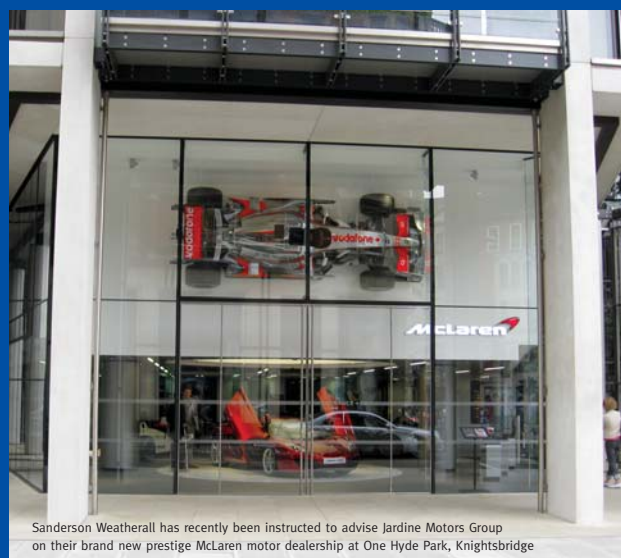
Welcome to our latest update on the 2010 Rating Revaluation. Although the 2010 Rating List has now been in force for some time, there has since been a general election resulting in a new coalition government. This has already resulted in the promotion of several new ideas for the UK local property tax system and this issue looks at some of these.

The last revaluation was based on rental values prevailing in early 2008, at a time when the banking crisis and economic downturn were causing major headaches for businesses both large and small. Valuation Office Agency (VOA) assessments completely failed to reflect the onset of the recession and the agency is now having to face up to considered appeals from professional Rating surveyors.

The reaction from the government has been twofold: first, the Valuation Tribunal for England (VTE) has effectively crushed the small to medium sized ratepayer by dramatically over-complicating the appeal process; whilst second, the VOA is blatantly refusing to reveal the rental information it has used for making the 2010 assessments.

Notwithstanding the hardship caused by the last government's highly unpopular changes to empty rates, the coalition government has been financially unable, either to restore the previous position, or to continue with the concessionary exemption threshold.

We also look at the latest developments in this issue affecting Rating, such as the welcome return of Enterprise Zones and the new Localism agenda, together with the effects of the 2012 London Olympics; and finally a look forward to the next Rating Revaluation in 2015.



Sanderson Weatherall has recently been instructed to advise Jardine Motors Group on their brand new prestige McLaren motor dealership at One Hyde Park, Knightsbridge

Sanderson Weatherall LLP is fully committed to provide professional Rating advice such that our clients can maintain their business rates outgoings to an absolute minimum

Contact us now for qualified Business Rating advice and to ensure we have your up to date details.

Empty Rates Problems?

The last government enacted a major change to the system of empty rates relief on 1st April 2008. Now, empty rates are payable at a full 100% of occupied rates after the expiry of an initial void. There are limited exemptions available for listed buildings, storage land and small properties. Charitable organisations may also receive relief, although extreme care is needed here, as complex limitations apply.

The new coalition government has declined to continue the bottom exemption threshold of rateable value £18,000, which has now been dropped to rateable value £2,600. The net effect is that whilst some 70% of empty properties were exempt, since 1st April 2011 most now fall due for an empty rates charge.



Sanderson Weatherall has developed entirely legal property strategies whereby clients can avoid empty rates and as a result has saved many clients a small fortune. Strategies may range from cross - portfolio advice where contents can be moved to the most suitable properties, to the creation of perfectly legal avoidance schemes that are acceptable to local billing authorities.

We can also help our clients, by linking them up with our other clients elsewhere who need to demonstrate rateable occupation.

Professionally qualified advice from a qualified rating surveyor should be taken in all circumstances, as if a problem does arise, the outcome will probably be a return to the full 100% charge with limited retrospective redress.

Enterprise Zones

The Budget earlier this year was, for a short time at least, highly popular in that it confirmed the setting up of 21 new enterprise zones. This is a tried and tested idea whereby a specific underdeveloped area is designated for a range of reliefs. Businesses moving into the zone will be awarded a 100% discount on business rates for the five year life of the zone worth up to a maximum of £275,000. Furthermore all business rates growth incurred within the zone will be retained and shared by local authorities for at least 25 years. There will also be a simplified planning regime and advantages such as super fast broadband connectivity.

The potential downside is that zones in the past were always for 10 years and experience has shown that on expiry, many of the new businesses move away and leave behind unwanted empty property.

When to Appeal?

Sadly, there are now many more obstacles to achieving a successful Rating appeal. The Valuation Tribunal for England (VTE) has introduced measures to discourage Rating appeals in the "VTE (CT and Rating Appeals Regulations 2009)". These changes received such a hostile reaction that their implementation was delayed until July 2010. Several practice statements now raise the requirements for submitting evidence to a level previously seen only at a Lands Tribunal hearing.

There is now a fixed timetable in place after the informal target date. 6 weeks before a tribunal hearing the VOA must issue his rental evidence. 4 weeks before the hearing the ratepayer (or his agent) must submit a full detailed statement of case. This applies no matter how small his assessment, nor how simple his argument. 2 weeks before the hearing, the VOA must then issue his response. If any party fails to keep to this mandatory timetable, the case may be "struck out".

Not to be outdone by the VTE, the VOA has changed tack from its previous habit of supplying all the rental evidence it has used, to one of a "proportional response". Directives from on high have already been seriously misinterpreted by officers on the ground and most appeals are going nowhere.

The combination of the VTE introducing a wholly disproportionate system for parties to submit evidence and the VOA's "proportional response" towards not revealing evidence has resulted in an unholy mess. At a time when all government departments are facing large cuts, the decision to make the job harder and stifle the progress of the appeal system is simply breathtaking.

Sanderson Weatherall are currently lobbying hard for the VTE time limits to be extended and for more realistic negotiations with the VOA.

The outcome of this farcical situation is that ratepayers are now being required to produce wholly unnecessary written submissions, for which, rating surveyors are required by their professional bodies such as the RICS to charge a fee. As a result and to avoid excessive court costs, some ratepayers might seriously consider holding back their appeals until nearer the end of the Rating List, when more evidence is generally available. The need for good professional advice has never been so great.

Localism Agenda

On 18th July 2011, just before the summer recess, Communities Secretary Eric Pickles announced the findings of the coalition's six month review into council finance. He said "We are determined that the repatriation of rates should happen in a fair and effective way". He then announced a three month consultation into how the government might best design a system saying "no more should proud cities be forced to come to national government with a begging bowl".

Under present arrangements some £19.6 billion of rates revenues is collected by local authorities but sent to a central pool at the Treasury, before being redistributed to councils based on need. Under new proposals councils could retain additional business rates and have a say in attracting new businesses to their local area.

From the ratepayer's point of view the fact that councils would once again have a direct interest in the rates collected would mean a return to a local focus on properties that are either under-assessed or not assessed at all.

2012 London Olympics

The 2012 Olympics is intended to promote regeneration of the Stratford area of East London. Construction works for the games has already given a short term boost to many service and manufacturing companies across the UK, but will this short lived increase in business also increase rents?

Interestingly enough the 2012 Olympics site itself will be rateable and liable to pay rates to the local authority, but only for the duration of the games. Shortly afterwards, the assessment will be deleted as regeneration schemes commence. Quite why the government did not award the games a one-off exemption from rates and simply make an internal financial adjustment of an equivalent amount is a modern mystery.



Just Learning Ltd - Nurseries

“Over recent revaluations more than £600,000 in business rates has been saved for Just Learning Ltd by our highly trusted Rating advisers, Sanderson Weatherall.”

Jonathan Bell, Managing Director.

Harland & Wolff - Belfast

“Sanderson Weatherall provided key Rating advice to Harland & Wolff Heavy Industries on changes in Northern Ireland Rating legislation as affecting our restructured Belfast site and ongoing business.”

Con O’Neill, Financial Director.



Nanometrics UK Ltd - York

“Sanderson Weatherall dealt with business rating appeals that have saved Nanometrics UK Ltd in excess of £216,000 on their premises at York Business Park.”

TUC Congress House - London

“The Valuation Office Agency substantially increased the rating assessment of Congress House following internal refurbishments. Sanderson Weatherall successfully negotiated a total reduction in rates payable of over £300,000.”



Hartlepool Council

“Sanderson Weatherall act for a number of UK local authorities on a variety of properties such as theatres, schools, bus stations, car parks, museums, leisure centres, markets and libraries.

In the case of Hartlepool Borough Council an average reduction in rateable value of 10.3% has been achieved as a result of 2005 Rating List appeals.”

Benfield Motor Group - Lexus Leeds

“In a single Rating appeal Sanderson Weatherall saved in excess of £113,000 in business rates for Benfield Motor Group on their Lexus Toyota dealership in Leeds.”



International Hotel, Canary Wharf - London

“Sanderson Weatherall successfully appealed many of Britannia Hotel Group hotel properties throughout the UK and in 2010 negotiated a large reduction at The International Hotel that saved the client over £300,000.”



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Rating Revaluation 2015

Already on the horizon for the VOA is preparation for the 2015 Rating Revaluation. In some ways 2015 will prove to be even more interesting than 2010, as in many locations an antecedent valuation date of 1st April 2013 may not see a recovery to pre-recession levels of rent. Ratepayers should bear in mind that any new lettings, rent reviews or arbitrated rents could be used in evidence against them when it comes to setting values.

Sanderson Weatherall Rating surveyors are already looking ahead to 2015 and by virtue of his membership of IRRV National Council and IRRV Valuation Faculty Board; Robert Brown has been invited to set up a special sub group to lobby for a change in the rules on rateable plant and machinery.

Email: ratesadvice@sandersonweatherall.com

How do I obtain good professional Rating Advice?

Unqualified Rating Advisers

Businesses should remain constantly aware of unqualified Rating advisers or “rates cowboys” in the Rating world. Such companies frequently make smooth talking direct approaches with glossy literature promising large reductions in rates payable, whilst charging wholly excessive fees. Once an instruction is taken it may be rapidly sold on to another party. Recently a number of E-marketing scams have been launched comprising emails that are designed to look like council rates bills implying guaranteed reductions.

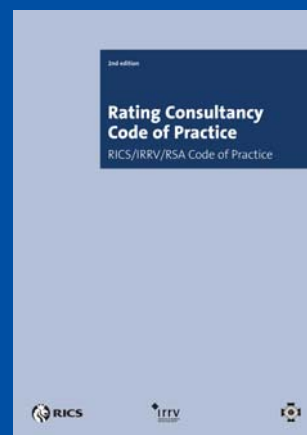
Often an upfront fee is demanded in exchange for worthless advice or just for submitting an appeal and many such fraudsters have been prosecuted by Consumer Protection authorities. Ratepayers should always make sure they speak directly with the chartered surveyor who is to deal with any advice or appeal and avoid any intermediary.



The Rating Consultancy Code of Practice

The problems with “rates cowboys” prompted the introduction in 2004 of the Rating Consultancy Code of Practice (updated 1st April 2010), which is mandatory for all chartered surveyors and is fully supported by the Royal Institution of Chartered Surveyors (RICS), the Institute of Revenues, Rating and Valuation (IRRV) and the Rating Surveyors’ Association (RSA).

Sanderson Weatherall complies fully with the code and has contributed to its introduction and development.



Scope of Services we provide

Qualified Advice: RICS and IRRV qualified surveyors. Senior staff is all members of The Rating Surveyors’ Association.

Rent Returns: Completion of Notices Requiring a Return of Rental Information for Rating Purposes.

Forecasting: Provision of rates forecasts for budgeting purposes

Rates Management: Checking and authorising of rates demands and advice on complex transitional arrangements (phasing).

Rates Payment: Arranging the payment of bills via direct debit, BACS and other similar systems. Direct payment via client’s account, when put in funds.

Rates Audit: Examining past rates payments with a view to finding credits on accounts or overpayments made. Securing refunds plus interest and tax certificates.

Plant and Machinery: Specialist advice from our experts on rateable plant and machinery.

Investigation: Retrieval and thorough investigation of Valuation Office Agency (VOA) rating assessments.

Surveys: Professional rating surveys using accurate laser measuring devices. Photographic records of properties at differing dates.

Appeals: Advice on the submission of valid appeals against VOA assessments.

Negotiations: Professional negotiations with the VOA and local billing authorities.

Reliefs and Exemptions: Strategic advice on portfolio occupation to both landlords and tenants, including all available Rating reliefs and exemptions.

Empty Rate Relief: Providing proactive and strategic advice on the means available to legally mitigate the punitive effects of the empty rates charge.

Insolvency/Turnaround: Advice in receivership and corporate recovery situations.

Litigation: Expert witness appearances as necessary at Valuation Tribunal and Lands Tribunal.

Solution: Instruct Sanderson Weatherall!

