

GERALD EVE'S RATING NEWS UPDATE

OCTOBER 2010

UNIFORM BUSINESS RATES 2011/12

Normally, the Uniform Business Rate (UBR) is linked to the previous September's RPI and if this is confirmed by the Government later this year, the UBR will increase by 4.6% from 41.4p this year to 43.3p in 2011/12.

These figures include the 0.7p UBR supplement paid by businesses that do not qualify for small business rates relief – this amount can vary and is therefore also only an estimate at this stage.

We assume that the Scottish Executive will continue to harmonise its UBR with England and that the Welsh UBR will also increase in line with RPI from 40.9p this year to 42.8p next year.

2011/12 RATES LIABILITIES

Many properties in England are still subject to transitional arrangements under which larger liability increases and decreases as a consequence of the 2010 revaluation are being phased in.

Some 50,000 'large' properties therefore face 23.1% increases in their bills next year; 'large' being defined as with a Rateable Value (RV) above £18,000 (£25,500 in London).

Conversely, for 'large' properties whose bills are reducing following revaluation, their reductions will be limited next year to only 2.3%. For 'small' assessments below the threshold, the maximum liability increase will be 12.6% and the maximum decrease will be a much healthier 26.7%.

There are no transitional arrangements in Scotland and Wales.

Properties in the City of London pay a 0.4p UBR supplement to fund security costs which we expect to be continued for 2011/12 and all London properties with assessments above £55,000 RV are charged a 2p UBR supplement to assist with Crossrail funding.

2010 REVALUATION APPEALS – GERALD EVE IN THE LEAD

As we reported in our August Rating News Update, the deadline for lodging appeals in Scotland was 30 September and we now have official confirmation from the Scottish Assessors that Gerald Eve made the greatest number of appeals of all representatives – at 5,500 appeals this is 66% greater than those submitted by the next largest adviser.

We are in the process of submitting challenges against our clients' rating assessments in England and Wales where appeals can be made at any time. How quickly they will be resolved is dependant on resources at the Valuation Office Agency. Like all other public sector bodies, it is under severe cost pressures as well as an overhang of a significant number of appeals from the 2005 revaluation. Rest assured though, we will be pressing for the quickest and largest savings achievable.



EMPTY PROPERTY RATES – UNCERTAINTY REMAINS

Owners and tenants of vacant property were hoping that the Comprehensive Spending Review (CSR) statement would include confirmation that the threshold below which no empty property rates are payable will be retained for another year at RV £18,000. Nothing should be read into the absence of an announcement, but the delay and uncertainty is of concern, especially to the serviced offices and workspace sectors.

In answer to a question on empty property rates last week, the Prime Minister said, "This was a bad tax. Properties were being left empty not because business people chose to do that; they were being left empty because of the recession. However, we are not in a position, with this massive budget deficit, where we can undo all the bad things done in one go." Let us hope that this is an indication that this 'bad tax' will be abolished in the medium term but that in the short term the £18,000 threshold will remain.

TAX INCREMENT FINANCING (TIF) ON THE WAY

The Government has confirmed in the CSR that legislation will be introduced so that TIFs can be used as a new tool for funding regeneration. TIF is a mechanism for using anticipated future increase in business rates and council tax to finance current improvements that are expected to generate those increased revenues.

In order to deliver regeneration in our towns and cities we must be prepared to consider different and innovative ways of achieving this. TIFs provide another option to secure funding for much needed regeneration and redevelopment but there are formidable practical problems to be overcome in using business rates values as the measure of the increment. For example, estimating for many years ahead the rates payable on as yet non-existent premises will be challenging, particularly as it will be difficult to predict the impact of five-yearly rates revaluations on rates liabilities.

We will keep you advised as the TIF proposals develop with the next step being the publication of a White Paper 'later this year'.

VALUATION TRIBUNALS BURNT IN 'BONFIRE OF THE QUANGOS'

The Valuation Tribunal for England and the Valuation Tribunal Service were included in the Government's recently published list of quangos to be abolished. The intention is that their roles should be transferred to the Ministry of Justice's tribunal system.

Appeals against rating assessments would be heard by a new First-tier Tribunal of the Land, Property and Housing Chamber and it is likely further appeals would be permitted only on application granted by the Upper Tribunal. We are concerned that the low cost access to justice provided by the current Valuation Tribunal system would be lost with this change to the detriment of ratepayers, and we will be seeking to minimise adverse consequences.

GERALD EVE'S UK OFFICE NETWORK

Gerald Eve is the pre-eminent business rates adviser. We currently advise a quarter of the FTSE100 companies on rating matters. So far we have saved our clients occupying over 50,000 properties throughout the UK more than £1.1bn in rates liabilities since the 2005 revaluation.

We are very keen to tell you more about our approach and how we can assist you, so please contact **Jerry Schurder** on **020 7333 6324**, jschurder@geraldveve.com or your usual Gerald Eve contact to find out more.

London (West End)
7 Vere Street
London W1G 0JB
Tel. 020 7493 3338

London (City)
46 Bow Lane
London EC4M 9DL
Tel. 020 7489 8900

Birmingham
Bank House
8 Cherry Street
Birmingham B2 5AL
Tel. 0121 616 4800

Cardiff
32 Windsor Place
Cardiff CF10 3BZ
Tel. 029 2038 8044

Glasgow
140 West George Street
Glasgow G2 2HG
Tel. 0141 221 6397

Leeds
1 York Place
Leeds LS1 2DR
Tel. 0113 244 0708

Manchester
No 1 Marsden Street
Manchester M2 1HW
Tel. 0161 830 7070

Milton Keynes
Avebury House
201-249 Avebury Boulevard
Milton Keynes MK9 1AU
Tel. 01908 685950

West Malling
Suite 24
30 Churchill Square
West Malling ME19 4YU
Tel. 01732 229420

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