

# GERALD EVE'S RATING NEWS UPDATE

SEPTEMBER 2013

## SCOTTISH GOVERNMENT'S REFORM OF BUSINESS RATES SYSTEM

In our [December 2012 Scottish Rating News Update](#) we reported on the Government's consultation paper on rates reform addressing 12 key questions. Our representations are available [here](#).

The Government has now published its [analysis and response](#) and it is clear that its planned 'reform' of the rating system will go little further than modest adjustments. It has confirmed it has no intention to move away from a property based tax system and will continue to base rates liability on the independent Assessors' determination of rateable value with the next rating revaluation confirmed for 1 April 2017. It will undertake a full review of the appeals system prior to 2017 and will consult early about any transitional relief scheme.

Other key points include:

- Continuation of existing exemptions with an ongoing review of reliefs
- Review of recent changes to empty property relief in 2015
- Continuation of the Small Business Bonus Scheme until 2016
- A new power to allow councils to create their own localised relief schemes
- New measures (as yet unspecified) to prevent tax avoidance and loopholes
- Harmonisation of the Uniform Business Rate with England to continue

The Scottish Government has made clear its intention to provide greater transparency concerning valuations, bills and reliefs and has given assurance that rateable values will be published well in advance of the 2017 revaluation.

## NEW BUILD EMPTY RATES RELIEF SCHEME

Our [July 2013 Rating News Update](#) reported critically on the Government's consultation paper regarding a new scheme in England designed to 'exempt from empty property rates for the first 18 months newly built commercial property completed between 1 October 2013 and 30 September 2016'.

The Government has now confirmed its approach to this issue (see its guidance [here](#)), which confirms the intentions set out in the consultation despite almost universal criticism in the responses of industry, property and professional bodies. The scheme will be complex, exercised at the discretion of local authorities and subject to European State Aid rules and we believe will therefore be unlikely to achieve its stated ambition of stimulating speculative development.



## THE GRIMSEY REVIEW – AN ALTERNATIVE FUTURE FOR THE HIGH STREET

Bill Grimsey, a veteran retailer at the likes of Tesco, Wickes, Iceland and Focus, has issued the findings of his **alternative review** of the high street.

Grimsey took this task upon himself due to his dissatisfaction with the outcome of and progress with the recommendations of Mary Portas's review, Portas having been appointed by Government to find solutions to the problem of our declining high streets. Whilst not members of his review team, we were much involved behind the scenes with the elements of his review relating to business rates and the damage they are causing to the high street.

Of Grimsey's 31 recommendations, eight concern business rates including:

- The reintroduction of the postponed 2015 revaluation
- Annual revaluations from 2017
- Future increases linked to an annualised Consumer Price Index rather than a one month RPI snapshot
- Discounts for occupation of long term empty retail property
- A full review of the rating system including a reduction in property taxation when economic circumstances allow

The Government is unlikely to respond directly to this self-appointed review, but it will have to consider many of these issues when it receives a report later this year of the Distressed Retail Property Taskforce appointed at the behest of the Communities and Local Government department.

For further information on any of these issues, please call me or your usual Gerald Eve contact.

## 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. We have saved our clients occupying over 50,000 properties throughout the UK more than £1.5bn in rates liabilities over the last five years.

We are very keen to tell you more about our approach and how we can assist you, so please contact **Jerry Schurder** on **+44 (0)20 7333 6324**, [jschurder@geraldeve.com](mailto:jschurder@geraldeve.com) or your usual Gerald Eve contact to find out more.

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