

The business rates debate

Suzanne Davies, director of Clifton Davies Consultancy Limited, sums up events of recent weeks leading up to the chancellor's Budget announcement on business rates

Recent headlines in pub and bar industry media have been dominated by the row over business rates.

The ALMR has long been fighting on behalf of your industry for the introduction of sector-specific rates relief for pubs and bars, a capping of bills increases at 12.5%, and retention of a robust and fair system for appeals.

Its campaign has cited the following average percentage increases in rateable values arising from recent revaluations: London 28.7%, Wales 6.3%, South West 15.3%, South East 19.5%, East 12.1%, West Midlands 7.8%, East Midlands 12.8%, Yorkshire and the Humber 7%, North West 9.9% and North East 1.2%.

There are extreme examples. BII chief executive Mike Clist referred to a JD Wetherspoon pub in Aldershot that was set to see its business rates increase by 321% from £30,000 to £126,500.

It turned into a bitter battle in the run-up to the Budget. The Department for Communities and Local Government described as “scaremongering” media claims about the effect of revaluations of business rates coming into force on 1 April, saying: “In reality, the revaluation will mean businesses in 80% of council areas will see an average fall in their business rates bills due to revaluation before inflation.”

The Department's secretary of state Sajid Javid reportedly went further, claiming that there was a media campaign against the revaluations that was based on “distortions and half-truths”. The ALMR called this “extremely unhelpful”.

Adding fuel to the fire, fellow Conservative MP Andrew Bridgen told Radio 4's Today programme that he thought the government's business rates figures “might not be giving the picture that businesses in

the real world are going to get when they get their bills” because they excluded inflation and an appeals adjustment.

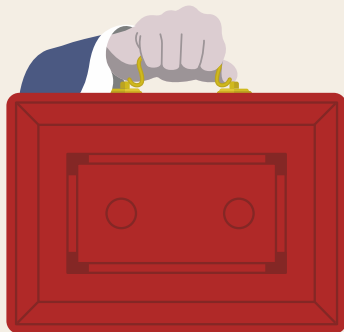
Kate Nicholls, CEO of the ALMR, told the BBC: “It is well past time the government acted to provide support for businesses facing the greatest burdens”, drawing attention to the decision by the Scottish government to cap rates increases at 12.5% and the Welsh government's proposal to introduce hospitality relief worth £10m.

CAMRA called for a £5,000 rate relief reduction and greater funding for transitional caps to help reduce business rates bill increases for pubs in the first year, saying that the present system “fails to recognise the valued role of pubs in community life and penalises successful publicans.”

Then came the Budget announcement on 8 March of a sector-specific £1,000 discount for pubs with a rateable value of less than £100,000 to help protect pubs against increased business rates, which the chancellor said would be available to 90% of all pubs within that category. This was met with criticism that the discount is a

“stay of execution” rather than long-term support. The chancellor also promised that any business coming out of small business rate relief would have an additional cap of £50 per month for the first year and that a £300m fund would be made available for local authorities to respond flexibly for local businesses facing significant increases.

The ALMR welcomed the news, saying: “Sector-specific relief will help those businesses hardest hit by the revaluation. This much-needed government support will save the sector over £24m and will help safeguard investment and jobs.” But it called for long-term, root and branch reform of the system. I suspect this row is not over yet.



Questions & Answers



Q: What is happening about reform of the business rates appeals system?

A: The government has published a summary of responses to last year's consultation, entitled ‘Check, challenge, appeal: Reforming business rates appeals’, in which it has confirmed that, following negative feedback, it has abandoned its plan to dismiss appeals on the ground of reasonable professional judgment. Instead, on appeal the Valuation Tribunal for England will be required to decide whether it considers the extant valuation to be a reasonable valuation. The government says that it intends to review the early implementation of the new appeals system before bringing forward proposals by April 2018 for setting a fixed time limit for appeals.

Q: When does the Alcohol Wholesaler Registration Scheme come into force?

A: It came into force on Saturday 1 April, meaning that if you buy your alcohol from UK wholesalers for re-sale, you now need to make sure that the wholesalers have been approved by HMRC. If you buy from unapproved wholesalers, you could be liable for a fine of up to £10,000 and find that your illicitly purchased alcohol is confiscated. You will be assisted by the fact that approved wholesalers must display their Unique Reference Number on their wholesale alcohol invoices, but you will nevertheless need to use the scheme's online look-up service to confirm the legitimacy of your supplier.

Q: I've read that new licensing application forms are to be introduced. Why is that?

A: It is because of amendments to the Licensing Act 2003 made by the Immigration Act 2016, due to come into force on 6 April. The changes to the forms reflect the fact that any individual who applies for a premises or personal licence must be entitled to work in the UK.

Clifton Davies Consultancy Ltd



Clifton Davies Consultancy Limited specialises in all licensing, gambling and regulatory issues affecting the pub and bar industry. The views expressed by David Clifton and Suzanne Davies are given without any assumption of liability on their part. If you have any questions, do get in touch and they will be pleased to provide answers, either via this page or direct.

E-mail: dc@cliftondavies.com

sd@cliftondavies.com

Web: cliftondavies.com