

SPORT ENGLAND BUSINESS RATES BRIEFING NOTE IN RESPONSE TO THE CORONAVIRUS PANDEMIC (COVID-19)

PREPARED BY WILKS HEAD & EVE – 23RD MARCH 2020

In response to the Covid-19 pandemic, the UK Government has made several adjustments to the Business Rates system in England. This briefing note outlines the current interpretation of these and identifies their likely impact for the sector.

THE SYSTEM PRIOR TO THE LATEST ADJUSTMENTS:

Business Rates are assessed by The Valuation Office Agency who produce Rateable Values for each rateable property. The Rateable Value is supposed to be broadly equivalent to the annual rental value of the property. These Rateable Values are in the Rating List which for the current period runs from 1st April 2017 to 30th March 2021. After 30th March 2021 a revaluation is due to take effect.

Ratepayers can challenge their Rateable Value using the new approach of Check, Challenge and Appeal. Applications to amend the list are made to the Valuation Office Agency.

BUSINESS RATES CHARGES:

Business Rates are collected by the relevant Local Authority. They are legally bound to collect the rates against the figure appearing in the Valuation List, over which they have no control.

Business Rates are charged either on the standard multiplier of 51.2p in the £1.00 or the small business rate multiplier of 49.9p in the £1.00 for the year commencing 1st April 2020.

The small business rate multiplier is applied to all properties with a Rateable Value of £51,000 or less. There are minor differences in the City of London and some Local Authorities who operate Business Improvement Districts.

RELIEFS AND EXEMPTIONS:

Reliefs and exemptions have been available prior to the current Government changes.

CHARITABLE RELIEF:

An 80% mandatory relief applies to registered charities including Community Amateur Sports Clubs (CASC) for properties occupied for qualifying charitable purposes.

DISCRETIONARY RELIEF:

Variable percentages, as the name implies, may be available at the discretion of the Local Authority. Some have traditionally topped up the 80% relief to give 100% i.e. no rates payable. Discretionary relief has also been applied to properties occupied by 'not for profit distribution' organisations. Most applications of Discretionary Relief are made through a local scheme adopted by each Local Authority and they can and do vary. Most Local Authorities no longer offer much, if any, discretionary relief.

SMALL BUSINESS RATE RELIEF:

In addition to the small business rate multiplier 'Small Business Rate Relief' is also available to qualifying occupiers and properties.

You can get Small Business Rate Relief if your property has a rateable value of £15,000 or less AND your organisation/business occupies only one property.

For an occupier who is occupying premises with a Rateable Value of £12,000 or less no business rates will be payable. For Rateable Values £12,001- £15,000 there is a sliding scale – so for example a property with a value of £13,500, the rates would be 50% of the liability.

ENTITLEMENT TO SMALL BUSINESS RATE RELIEF:

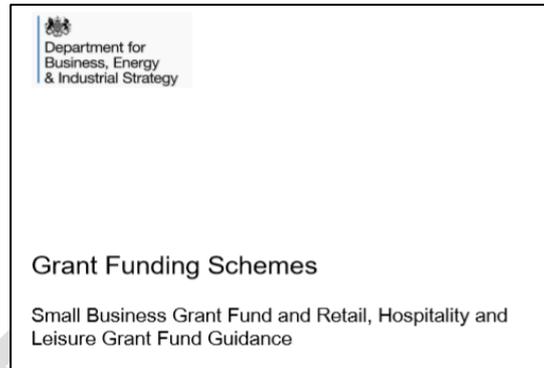
If you qualify for small business rate relief and may have done so in previous years but never claimed it – you still can backdate a claim and should apply to the Local Authority.

CHANGES IN RESPONSE TO COVID-19:

The reliefs will continue as above but have been enhanced by recent announcements. In England, the announced business rate measures are:

- A small business grant funding of £10,000 for all business in receipt of small business rate relief.
- Enhancing that grant to £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000.
- 12 months relief from all business rates for all retail, hospitality and leisure businesses in England for 2020/21.

Implications for Charities: It should be noted that Paragraph 24 of the Government's 'Guidance on Business Support Grant Funding' ([click here](#)) deals with charities. It notes that if they (charities) would have otherwise qualified, they will still be eligible for the grant. So, the 80% relief does not affect that.



HOW WILL THAT RELIEF WORK?

The rate relief for 2020/21 is offered as the Expanded Retail Discount Scheme 2020/21 (first described in a Written Ministerial Statement of 27th January 2020 but now developed). A more limited, smaller retail Business Rate Retail Discount Scheme had previously been put in place for the years 2019/20 and 2020/21 and has now been enhanced for that second year by:

- the extension to all retail.
- the expansion to include businesses in the hospitality and leisure sectors.

It is to apply to all properties wholly or mainly occupied in those sectors. It will not be available where and once a property is unoccupied (when "empty rates" will apply).

The guidance from the Ministry of Housing, Communities and Local Government (MHCLG) noted below helpfully advises: ***"For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID-19 should be treated as occupied for the purposes of this relief."***

Access to the relief and liability to empty rates will be determined on a day to day basis, so these will change as circumstances change within 2020/21.

The relief is given after all other reliefs (such as Small Business Rate Relief, Charity Relief or Transitional Relief) have been applied. All those regimes remain in force and this relief only applies to the residual rates left after their application.

The scheme is to be operated by each local billing authority which is to adopt a local scheme within the government's guidance and determine the use of its statutory discretion to give relief under that guidance.

WHAT ARE RETAIL, HOSPITALITY AND LEISURE PREMISES?

This is likely to be a key question for many businesses hoping to qualify for this relief. MHCLG issued guidance for the Expanded Retail Discount scheme on 19th March 2020 ([click here to access the document](#)).

The headings within the guidance are first set out as: ***"occupied hereditaments (sic properties) that are wholly or mainly being used:***

- a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,***
- b. for assembly and leisure; or***
- c. as hotels, guest and boarding premises and self-catering accommodation."***

The guidance then develops those in more detail but that could still leave much down to interpretation.

The lists reviewed below of premises that are expected to qualify or not, are not exhaustive and there will be properties with mixed uses. That interpretation is for each Local Authority, who will be guided to work from those lists as a template of examples, to be applied to other uses so far as they are broadly similar.

Properties that are not reasonably accessible to the visiting public are excluded.

The lists below point to holiday lets, historic homes, village halls, pubs, garden centres, and tourist attractions as among those premises that will generally qualify for the relief. Professional offices and estate agencies will not. It is noted that the equivalent Scottish guidance (see below) recognises auction marts as retail.

Sport, Leisure and Facilities to the Visiting Public: The illustrations given of those premises that are expected to qualify by providing sport, leisure and facilities to the visiting public (including viewing) are:

- Sports Grounds and Clubs.
- Museums and Art Galleries.
- Nightclubs.
- Sport and Leisure Facilities.
- Stately Homes and Historic Houses.
- Theatres.
- Tourist Attractions.
- Gyms.
- Assembly.

The illustrations given of those premises that are expected to qualify by use for assembly by visiting members of the visiting public are:

- Public Halls.
- Clubhouses, Clubs and Institutions.

and so appear to include village halls.

ACTION POINTS:

Whilst it will be too late to cancel your 1st April direct debit rate payments, as 5 days' notice is required by the banks. Your rates will either not be collected or will be refunded; so you check your bank account. hopefully organisations will receive revised rate bills to reflect the 'holiday' from mid-April 2020.

In relation to grant payments, the intention is that Local Authorities will contact you, so you will not have to make an application to them. If you have not heard anything on the rates holiday or grants you believe you are entitled to by 6th April 2020, we suggest you should contact your Local Authority.

DISCLAIMER: This briefing note has been prepared following several Government announcements. Further announcements are being made frequently adding to or clarifying previous notes. We believe the information to be correct at the time of issue, but this is a fast changing somewhat fluid policy environment.
(Roger Messenger, Senior Partner, Wilks Head and Eve).
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