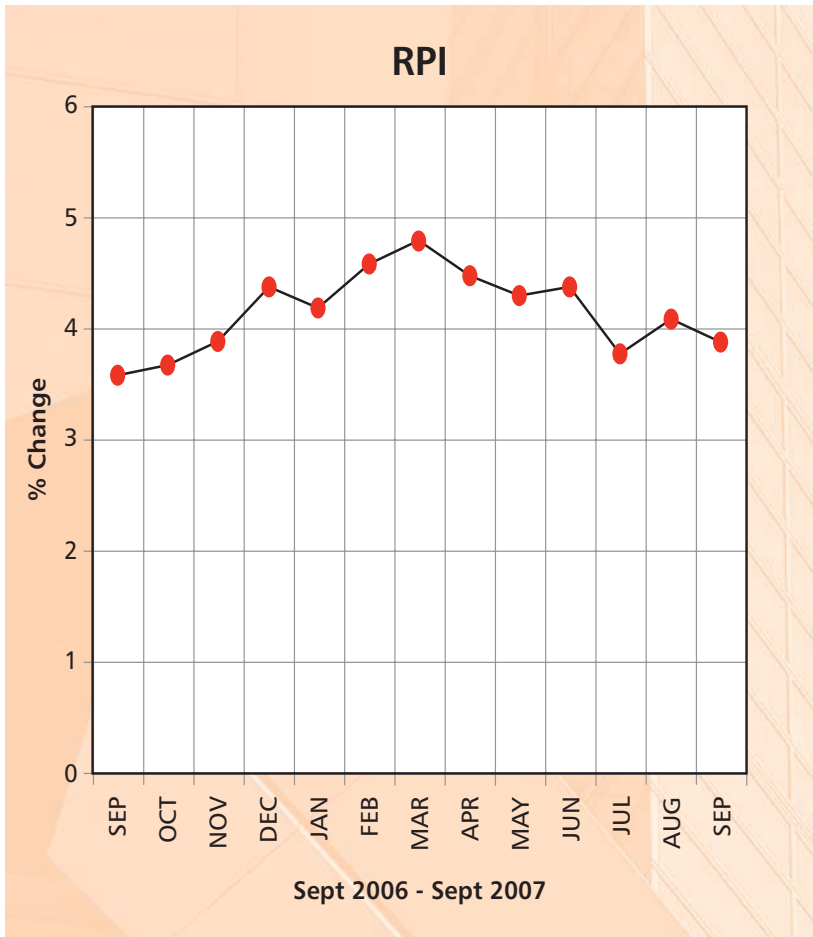


THE UNIFORM BUSINESS RATE (UBR) FOR 2008/09



The Retail Prices Index (RPI) for September 2007 shows a 3.9% increase over the figure 12 months ago. The significance of this is that the annual change in the RPI at September 2007 is used to determine the Uniform Business Rate multiplier (UBR) for 2008/09. The Government does have the power to adopt a different figure in certain circumstances, but has not used its powers in previous years.

To date only England has formally announced next year's UBR. Rates calculations estimates for 2008/09 and 2009/10 generated by our systems have been updated to ensure that any figures we prepare for you are based on the most up to date information possible.

The 2008/09 UBR for England will be 45.8p (44.1p for 2007/08) and we estimate the UBR for Scotland will also

be 45.8p (44.1p). The Small Business Relief UBR Supplement for England is to increase to 0.4p (0.3p in 2007/08) and we estimate the Small Business Rate Relief Supplement for Scotland will also increase to 0.4p (0.3p). This gives a total 2008/09 UBR of 46.2p for medium and large businesses in England and Scotland. The City of London UBR supplement will be 0.4p.

We estimate that the UBR for Wales will be 46.6p for 2008/09 (44.8p for 2007/08).

Full details of the UBR and Transitional Adjustments for the 2005/06 to 2009/10 period are in the attached Briefing Paper. We have estimated UBRs for 2009/10 assuming inflation at 4%.

If you have any questions about this announcement or its effect on your business please contact Blake Penfold on 020 7851 4958 or Paul Dickinson on 07768 381814 or your normal GLH contact.

Rating news

IN THIS ISSUE

THE UNIFORM BUSINESS RATE (UBR) FOR 2008/09	1
PARTIALLY OCCUPIED PROPERTY	2
THE 2010 RATING REVALUATION	2
BUSINESS RATE SUPPLEMENTS: A WHITE PAPER	3
THE REFORM OF EMPTY PROPERTY RATE RELIEF FROM 1 APRIL 2008	3
MANAGING RATE DEMANDS AND REFUNDS	3

Partially Occupied Property

In rating law, occupation of part of a hereditament is deemed to be occupation of the whole, and the fact that not all of a property is used does not prevent liability for occupied rates on the entirety of premises subject to a single rating assessment. If premises is only partly used, one option is to seek a division of the assessment so that empty rates relief is available on the vacant part. This option will have greatly reduced effect from 1 April 2008 when the duration of empty rates relief is significantly reduced.

An alternative approach if a non-domestic property is partially occupied for a short period is to apply to the local authority for relief under S44A of the Local Government Finance Act 1988. Whether the local authority agrees is at its discretion but if it does it will request that the valuation officer (VO) apportions the rateable value of the property between its occupied and unoccupied parts, after which, broadly speaking, the empty property rate applies to the unoccupied part of the building and the occupied business rate applies to the occupied part. The vacant part is not entitled to the initial three months at 100% relief and therefore S44A would have no effect from 1 April 2008.

We pointed out this and to counter criticism of this possibly unforeseen effect the Government is to ensure that regulations make clear that local authorities should apply the initial three months (six months for industrial buildings) exemption from empty property rates to the unoccupied parts of apportioned buildings.



The 2010 Revaluation

There will be a 2010 Rating Revaluation of all non-domestic property in England, Scotland and Wales and it is also expected that there will be a 2010 revaluation in Northern Ireland, the first time the revaluation date has coincided for all four countries in the United Kingdom. In England and Wales the Valuation Office Agency (VOA) has commenced preparations for the revaluation and the 2010 Rating Lists will be published 1 October 2009.

GL HEARN RESEARCH PROJECT ON THE IMPACT OF THE 2010 RATING REVALUATION

We are working with IPD, the leading property performance analysis and research company, on a wide ranging research project on the impact of the 2010 revaluation for various property categories by region in England and Wales. This will enable our clients to more accurately forecast and budget for rate liabilities from 2010 to 2015 and thereby undertake long term financial planning for business rates.

The research project has involved us and IPD carrying out rental value forecasts for all sectors and areas of the country with the aim of forecasting UBR and relative rental/rateable value (RV) movements. This will allow us to model rate liabilities for individual portfolios.

If this is of interest to you please let us know. With regard to cost we are looking to cover the cost of the modelling and we would be pleased to let you have a quote based on your portfolio.

PRIOR AGREEMENT FOR THE 2010 RATING REVALUATION

The Department of Communities and Local Government (CLG) will expect the Valuation Office Agency (VOA) to try and reduce losses on appeal at the 2010 rating revaluation. One way that the VOA can seek to achieve this is to "prior agree" rating assessments. The VOA has published a discussion paper for ratepayers on prior agreement.

There are two main advantages of prior agreement of rateable values. First, it should ensure certainty of rate liability. Secondly, it should avoid the need for later appeals following the revaluation.

A disadvantage is that work normally done after the revaluation, as part of the appeal process, would have to be done (and hence paid for) before the revaluation. It would also be the case that rates refunds will be very much reduced as the appeal work would, very largely, have been done in advance. The VOA is also seeking complete disclosure of tenure information which could be onerous to provide in a sufficiently detailed form to ensure any factors influencing rents agreed or determined are fully explained. Furthermore, prior agreement is only possible for limited types of property.

It is vital to ensure that any process for prior agreement results in the potential advantages being achieved. We have responded to the VOA discussion paper and put to its senior management team a possible process for prior agreement. We see the process as being feasible in respect of categories of property where there is a discrete market, for example, out of town foodstores. We see issues of comparability impeding any prior agreement of other retail properties eg High Street shops and also retail warehouses.

Business Rate Supplements: a White Paper

In our Rating Briefing Paper on the Lyons Inquiry Report issued in March this year we highlighted possible future local supplementary business rates. This has now taken a more definite form as the Government has made known its proposals. On 9 October 2007 the Government published *Business Rate Supplements: a White Paper*, in which it announced the introduction of a new power for local authorities in England to raise and retain local supplements on the national business rate in order "to fund projects that will promote economic development."

This proposal is a significant economic devolution of power to local authorities, which the government argues will allow authorities to make investment decisions that more closely reflect local economic need. The White Paper announcement follows extensive public debate on reform to business rates in England and the recommendations of the Lyons Inquiry into Local Government.

This proposal is unwelcome news for business as it represents a supplementary payment which could be up to around 5% on top of existing business rate liabilities.

The Government however considers that its proposed model for business rate supplements involves four levels of protection for business:

- Revenue from supplements will only be available for spending on economic development that is in addition to existing plans. Proposals will be subject to detailed statutory consultation.
- A national upper limit of 2p in the pound will be set on the level on supplements that can be levied.
- To protect smaller businesses from disproportionate burdens, properties liable for business rates with a rateable value of £50,000 or less will be exempted from paying supplements.
- Where the supplement will support more than a third of the total cost of the project there will additionally be a full 'dual-key' vote of businesses affected.

Revenues from supplements will be locally raised and retained, with local decision-making on the duration of any supplement and the specific projects it should be spent on.

The Government intends that only the highest tier authority in any areas should be entitled to levy supplements. These authorities will be able to cooperate to fund joint projects, within the existing statutory framework. Shire counties will be required to consult their districts on any new supplement proposals. In London, the power will rest with the Greater London Authority (GLA).

The Mayor for London has announced that he envisages levying a business rate supplement of 2p in the pound across the GLA area from April 2010, with revenues to be used to service debt for construction of the Crossrail railway project.

The Government is to legislate to enable local authorities that wish to levy the first supplements will be able to do so by April 2010 and is to consult on technical issues before finalising the detailed arrangements.

The Reform of Empty Property Rate Relief from 1 April 2008

The Rating (Empty Properties) Act 2007 became law in July 2007 and the Government published a Consultation Paper in the summer setting out some of the detailed aspects of the changes and putting forward various options in respect of some of the proposals. Regulations implementing the detailed changes are promised this autumn. We have issued a Briefing Paper on the options put forward and have responded to the Consultation Paper as part of our membership of the RICS Rating and Local Taxation Panel.

To recap, currently all property is entitled to 100% rates relief for three months from the date it becomes vacant and there are no proposals to change this. Thereafter most empty property attracts 50% rates relief until re-occupation and some specified properties, notably industrial and storage properties, and listed buildings pay no rates until they become occupied.

From 1 April 2008 most empty properties will pay 100% rates after three months, and industrial and storage properties will pay 100% rates after six months. Complete exemption from rates is to be given to empty properties held by charities and community amateur sports clubs. The Act only applies to England and Wales. No announcement has yet been made by the Scottish Parliament or Northern Ireland Executive on whether they will adopt similar proposals.

The Consultation Paper considers three main areas:

- should empty listed buildings continue to pay no rates when empty
- should the current insolvency exemptions be extended to apply to companies in administration as well as to companies in liquidation
- what regulations are appropriate to prevent owners from avoiding rates on empty properties

Ratepayers who are responsible for empty properties should consider the proposals carefully and seek professional advice on their impact from 1 April 2008 and legitimate tactics for avoidance of rates on empty properties.

In particular owners of empty or partly empty non domestic property are advised to:

- read the Consultation Paper
- review their current and proposed empty and partly empty property portfolios
- develop a strategy for each vacant property individually in the light of these proposals being aware that they may be retrospective
- budget for potential new liabilities
- develop or review a strategy where part only of a property is used
- keep alert for publication of the regulations due this autumn
- obtain professional advice on how best to respond to these changes practically with the aim of minimizing rates liability

Managing Rate Demands and Refunds

The complexity of interpreting and checking rate demands, together with the administration involved in handling them and ensuring that systems are set to pay the correct installment amount at the optimum time, is an onerous burden for many ratepayer businesses. Managing refunds and empty rates adds to the complexity.

We have a well established and experienced rate payment and refund management team which manages rates and rate payments on behalf of a large number of our clients.

If you would like more information on this service please contact Paul Dickinson on 07768 381814, Janice Tobin on 020 7851 4986 or you regular GL Hearn contact.

RATING SERVICES

- Rating Appeals and Negotiations
- Rates Payable and Budgeting Reports
- Rate Payment Management
- Rate Refund Management
- Empty Rates and S44A Applications
- General Rating Advice

BATH	Hugh Bower	T: 01225 822400
GLASGOW	Alistair Ferrier	T: 0141 226 8200
LONDON	Blake Penfold	T: 020 7851 4900
MANCHESTER	Paul Coope	T: 0161 829 7800
SOUTHAMPTON	Stuart Kirk	T: 023 8022 1361
SUNDERLAND	Len Newton	T: 0191 566 4700

London Office: 20 Soho Square, London W1D 3QW
T: +44 (0)20 7851 4900 F: +44 (0)20 7851 4910

For further information on 'rating news' or on any general rating matter please contact **Blake Penfold on 020 7851 4958** or **Paul Dickinson on 07768 381814** or your usual GL Hearn contact.

We endeavour to keep our mailing lists up-to-date. If you would like to be removed from the list, or you have a colleague who would like to receive future issues of 'rating news', please email rating@glhearn.com with details.

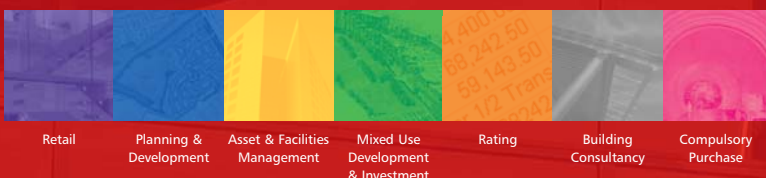
Disclaimer

GL Hearn are not responsible or liable for any actions taken from use of content and opinion expressed within the publication.

ALL TEXT COPYRIGHT © GL HEARN 2007

Regulated by the RICS

rating
news



Retail Planning & Development Asset & Facilities Management Mixed Use Development & Investment Rating Building Consultancy Compulsory Purchase