Business rates relief – what can people expect from the Retail, Hospitality, and Leisure Relief?

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For many in the retail, hospitality, and leisure sectors, the threat of a business rates hike was just another blow in what has been an unprecedented few years. There are a few silver linings however' as not only is the retail industry one of the only sectors to see am overall decrease in rateable value (RV), but the retail, hospitality, and leisure (RHL) relief was expanded for 2023/24.

With the RHL relief increasing from 50% to 75% for 2023-24, many commercial property owners and tenants cannot afford to miss out. While only applicable for businesses in England, it is worth £2.1 billion of the support package announced last November. This increase in a business rates relief could be a major respite for those businesses that otherwise might have had to take drastic measures in the next year.

Is your local authority properly applying reliefs?

Business rates reliefs are available to eligible commercial properties. They act as stopgaps or buffers for these properties business rates liabilities. It is the responsibility of the local authority to ensure that eligible properties are in receipt of reliefs.

But does this happen?

For 2022/23, the government introduced a RHL relief of 50%. Providing those sectors with a much-needed leeway in their business rates liability. Despite this, retail sales values fell by 1.2% in December 2022 according to the Office for National Statistics (ONS). The hospitality sector also suffered from a shock, as it saw a decrease in sales of 13% in the third quarter of 2022.

According to the Valuation Office Agency (VOA), by September 2022 only 261,520 businesses had been in receipt of RHL. However, the Centre for Retail Research (CRR) found that retail businesses were closing at a staggering rate of 47 per day in 2022. More than 17,000 sites closed their shops. This was recorded as the highest amount for five years.

While local authorities are responsible for applying reliefs to eligible properties, this is not always the case. Many businesses owners are not made aware that they could be eligible or even that they might already be in receipt of some reliefs. This often means that businesses owners themselves must find a way to audit their business rates to see if they might be eligible for a relief.

Are you one of the lucky ones to receive RHL?

If not, were you aware that you may have been eligible for the 50% off your business rates liability that this relief offered last year? Or even that you may be eligible for the 75% RHL relief this year.

“Whilst RHL is great for the here and now, few are aware or prepared for when the relief is set to end on the 31st of March 2024.” Anthony Hughes, Managing Director of RVA Surveyors, explained. “Generally, Local Authorities do a fantastic job ensuring that reliefs are allocated quickly and accurately. However, they are notoriously understaffed and given the stresses and strain over the last few years, sometimes properties slip through the cracks. This is where we would encourage property owners and tenants to audit business rates accounts.”

Based in Manchester, RVA Surveyors are the family-run, independent business rates reduction specialist working across England and Wales.

The government has recognised however, just how much the last year has affected those in the retail, hospitality, and leisure sectors. In March 2023, insolvencies in England and Wales increased by 16% compared to March 2022. Even in the retail sector, which the government has very proudly declared has seen a -10% decrease, businesses owners and leaders are considering shutting their doors for good.

With the advent of the 2023 revaluation comes an additional expansion to the RHL relief. From the 1st of April 2023 until the 1st of April 2024, RHL will cover 75% of an eligible property’s business rates liability.

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While this is certainly a victory for these sectors, it is but a temporary one. As from the 1st of April 2024, they will go back to paying 100% of their business rates liability. What might have been a year to save and invest in businesses, has become nothing more than a mad scramble to scrape together the pennies many businesses within the retail, hospitality, and leisure sectors will need from the 1st of April 2024.

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