

Business rates for pubs are one of their highest costs and are supposed to be reviewed every 5 years, they are assessed via the VOA who value them in the open market referencing accounts and fair and maintainable trade and has been using this method since 1995, it works closely with the BBPA and the regulated pub companies. So, in many cases we would argue that the process starts with a guess and sometimes it suits the operating company to try to inflate the figures.

The business rates system is, like the rents system based on a system which relies on a “guess” at its starting point, something we recently had confirmed to us by RIC’s, that opinion plays a big part of this process, so it is based on soft not hard figures. It works on the assumption of the turnover that would be achieved by a Reasonably efficient operator. As neither Fair maintainable trade nor an REO is defined correctly, then the normal response from, some assessors is to simply use the actual turnover of the Pubs being assessed, therefore in our opinion it can be seen to be penalising better operators.

If a Landlord has a problem with the VOA’s assessment then you can appeal but from our experience the appeals system is quite difficult to navigate, it takes a long time and it is complicated for many landlords, we also know that having spoken to the VOA they very often compare what they perceive to be similar outlets in the immediate area but this is a very one dimensional way of looking at a pub and does not always take into account unique behaviour and conditions that may have an impact on that particular pub in comparison to the others it is being compared to. So, there is some built in unfairness in that the VOA does not have the skill or more importantly the understanding from a pub landlord point of view it gets its operating perspective from the pub owning company who may have different objectives from the individual landlord and in many cases does not know the details of operating at outlet level as many BDM’s don’t know the pubs they have responsibility for in a detailed way.

The proposals need to consider a more complete overhaul making sure that the right people with the right skills are involved in the process and we need to avoid some of the guesswork from people without the skills to make these guesses or with conflicts that mean these guesses are biased.

When we look at Hospitality as a catalyst for inward investment, high street regeneration and employment and skills growth, we know that high streets have struggled in recent years, and we know that those who have succeeded have done so with a combination of both innovative retail offerings supported by interesting hospitality offerings alongside as part of the package. We also know from recent research that communities with local pubs have better mental health. So, hospitality is vital to local communities both in terms of the economic and health benefits, so should be supported. A Lack of investment from the big pub companies has led to a decline in the type of pub landlord it attracts and the quality of their skills, running a pub is no longer as rewarding and attractive as it used to be before the beer orders created the retail pub companies particularly those who no longer brewed beer and no longer viewed their pubs as a means to show off and sell what they produced.

A fairer means of setting business rates for pubs needs to be found as part of a package to make operating a pub more attractive to prospective landlords, but this also need to be balanced by making sure this is not seen as another way of increasing the income stream of and only benefitting the regulated pub companies.

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