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The  
British  
Horse  
Society

# Business Rates

Briefing for Members

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# Introduction

The British Horse Society (BHS) has received a number of concerns from its members about the impact paying business rates have on their services. The BHS recognises that this is a pressing issue.

In June 2015, The BHS responded to HM Treasury's Business Rates Review which the Government ran between March and June in response to feedback from rate payers that the system needed reform.

Below is a summary of the BHS's response, including its concerns, the feasibility of the options currently available for relief and exemption, and its recommendations.

The BHS will report back to its members on the outcome of the Business Rates Review once the Government publishes its results, which is due to happen by the end of 2015.

If you would like any more information, please contact Sarah Phillips ([sarah.phillips@bhs.org.uk](mailto:sarah.phillips@bhs.org.uk)) or Chris Doran ([chris.doran@bhs.org.uk](mailto:chris.doran@bhs.org.uk)).

Additionally, further information from the Valuations Office Agency regarding business rates for riding schools and livery yards can be found at:

<https://www.gov.uk/government/organisations/valuation-office-agency>

## Concerns

### **Riding Schools, Livery Yards and Land Based Colleges**

A key concern for the BHS is that riding schools, livery yards and land based colleges offer equestrian services (such as riding lessons and hosting equestrian competitions), but they are charged different business rates.

Land based and other colleges are increasingly offering use of their equestrian facilities to the wider public, for things such as riding lessons and competitions. While this offering is also made by the BHS's riding schools and livery yards, a college would benefit from lower business rates. The college's business rates will be charged based on the operation of the whole college, not just the equestrian offering, whereas the BHS's riding schools and livery yards' business rates would be charged purely on their equestrian offering (even those riding schools offering [examinations, courses and qualifications](#) and both riding schools and livery yards holding competitions).

Additionally, equestrian activities held at land based colleges also have the benefit of being supported by the modern facilities of the college as a whole, making them a more appealing venue for members of the public to visit for an equestrian event. This competition, coupled with different levels of business rates, can put riding schools and livery yards at a disadvantage.

## Agricultural Establishments

The BHS membership also comprises farms that offer equestrian activities. These members are exempt from business rates on agricultural buildings and land, but are charged business rates on the buildings/loose boxes used for equestrian activities. There are two issues here that affect our members:

- 1) **For farms:** It is wholly appropriate that that agricultural buildings and land are exempt from business rates, but the exemption does not extend to the buildings/loose boxes used for equestrian activities.
- 2) **For riding schools and livery yards:** On the other hand, riding schools and livery yards are charged business rates on their whole premises. This, through no fault of the owners of the farms, riding schools or livery yards, puts the latter two at a disadvantage.

## Options Available for Relief/Exemptions

There are various relief or exemption options available. The BHS has assessed these options, and while some may be suitable, they are only suitable in limited form (for example, for the smallest of facilities and for only small sections of facilities).

### 1. Community Amateur Sports Club (CASC):

- This relief can be obtained by non-profit ratepayers of sports facilities.
- Given the nature of the sector, proprietors of riding schools and livery yards will usually own and manage the built facilities.
- The labour and capital intensive nature of riding schools, livery yards and equestrian centres means that such activities cannot readily be managed as a club, although facilities and horses may be used by clubs, which means that by definition, riding schools and livery yards cannot claim this relief.

### 2. Small Business Relief:

- This can benefit the smallest equestrian facilities.
- However, as equestrian operations require significant facilities, this relief is only of limited use.
- The risk of losing this relief may act as a disincentive to invest in improved facilities such as indoor riding arenas.
- This would limit the facilities available to local communities and stifle local growth.

### 3. Stud Exemption:

- This is an exemption of up to £4,200 rateable value (applied by the Valuations Office Agency – VOA – to the rateable value, not as a relief against liability) for facilities exclusively used for breeding and/or rearing of horses/ponies where occupied together with agricultural land or buildings.
- Exemption is limited to areas exclusively used for stud purposes – this usually limits its application to loose boxes in mixed use facilities (such as riding schools and livery yards).
- Nonetheless, it is a source of relief that should be utilised by proprietors where applicable.

#### **4. Disabled Exemption:**

- This is only applicable to facilities exclusively used for the training and welfare of people with disabilities.
- Many proprietors provide sessions for the Riding for the Disabled Association (RDA), but unless RDA has exclusive use of facilities for at least two consecutive days (which is very unlikely), the VOA cannot take this into account as a rationale for exemption.
- The BHS believes that the current terms for Disabled Exemption are inflexible and would welcome a revision of the terms of the relief. For example, if the facilities were used for two non-consecutive days a week, or four non-consecutive days a month, this should warrant relief.

#### **5. Discretionary Rate Relief:**

- Local councils can apply discretionary relief in certain circumstances, but this requires the ratepayer to be a not-for-profit organisation.
- Discretionary hardship relief is only available in exceptional circumstances.

## **Recommendations**

The BHS made the following recommendations to HM Treasury to help ensure that its members receive a fair deal in terms of the business rates they pay.

### **1. Parity for Equestrian Education**

- Both riding schools and land based colleges offer equestrian and educational services, but they are charged different business rates.
- The BHS feels strongly that there should be parity in the way that business rates are charged on establishments in the equestrian sector.
- The BHS urges the Government to review the way in which business rates for these establishments are charged, and reform the system so that there is parity going forward.
- The BHS would welcome the opportunity to work with the VOA and HM Treasury directly to help ensure that business rates are charged fairly.

### **2. Working with the VOA ahead of the 2017 Rating Valuation**

- The BHS worked with the VOA in advance of the 1995 Rating Revaluation to assist in the preparation of guidance to VOA staff in the valuation of equestrian premises.
- The VOA should ensure that understanding and implementation of this guidance is consistent throughout England.
- The BHS believes that improvements to the [VOA Practice Notes](#) and [Appendix 1 Checklist](#) would be beneficial to ensuring parity across equestrian properties with regard to business rates.
- The BHS would welcome the opportunity to work closely with the VOA ahead of the 2017 rating valuation to ensure this parity.

### **3. Working with the VOA to Raise Awareness of Business Rate Relief Options**

- Both the BHS and the VOA should proactively raise awareness of the stud exemption among proprietors.
- Many proprietors are not aware that they are able to apply for stud exemption. Even if this is only applicable for a small part of their land, it will save them money, which in turn, will help with the cost of running the riding school, for example.

### **4. Evidence of the Effects of Local Competition from Unrated Businesses**

- The Society should seek the assistance of its members to identify the effects of local competition from unrated equestrian businesses and land based colleges on their turnover.
- Evidence (including distance, nature and extent of competition) should be assessed and presented to VOA for discussion.
- VOA Appendix 1 Checklist could be expanded to better understand the impact of these types of competition.

### **5. More Transparency**

- The VOA should be more transparent with equestrian ratepayers with regard to rental information used in assessing rateable values.
- Rateable values are based on evidence of rents paid in a market and such market evidence should be in the public domain – there is a clear distinction between personal financial information which is only used to assess the tax payable by an individual and transactions in the property market which are used as the basis for assessing the tax payable by third parties.
- The Land Registry publishes property market data on house prices that are subject to the same issues of identification – it is easy to establish the price an individual has paid (and hence the Stamp Duty Land Tax). Just as the Land Registry does, the VOA could play a part in assisting the effective functioning of the rural property market through appropriate access to rental data.

### **6. Clarifying the Value of Ancillary Facilities**

- VOA guidance suggests that the value of ancillary facilities should take into account the size of the riding school they are supporting and hence their income generating potential. An indoor arena will generate more income (and hence will be more valuable) to a large riding school, compared to a small riding school.
- The BHS recommends that both it and the VOA conduct research to establish evidence of value adjustment. The BHS welcomes the opportunity to work together with the VOA on this research.

### **7. Pro Rata Rate Relief**

- The BHS recommends that all rate relief be extended on a pro rata basis to reflect the amount of use by non-profit organisations such as riding clubs (including Riding Club Centres, CASCs and the Pony Club) and the RDA.

- This would ensure that the equestrian sector benefits from the reliefs and exemptions available to other sports, but reflects the different ownership arrangements necessary for equestrian operations.
- This relief would also benefit local communities. It would encourage proprietors to make the facilities available to all sectors of their local communities and to invest in improving their facilities.
- This would require legislation to create a new relief scheme and encourages HM Treasury to explore this option, as it would be beneficial to both businesses (not just limited to equestrian proprietors as it could be apply across industries) and local communities.

The British Horse Society

Abbey Park

Stareton

Kenilworth

Warwickshire

CV8 2XZ

Tel: 02476 840509    Email: [approvals@bhs.org.uk](mailto:approvals@bhs.org.uk)    Website: [bhs.org.uk](http://bhs.org.uk)



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