

BUSINESS RATES, LEASE RENEWALS & RENT TO LANDLORDS

Following discussions with members last year (2023) some interesting points arose regarding the amount of rent members pay to their landlords. Some time ago, SIT came up with the equation of calculating the rent according to the venue's total number of seats. On a per year basis a rent figure of £120 per seat was considered a good deal and £180 per seat was excessive. However, this is a very simple equation and does not factor in the add-ons and inclusions. Some venue landlords include the business rates, some the electricity, the gas and the water. Insurance is another and/or situation that makes the rent equation difficult to calculate. Another issue is the actual number of seats which can vary between type of show, stage set, sightlines, position of the sound desk etc etc. If using this equation then use an average number of seats per show over a year.

Another equation, especially for pub venues, was to get the commercial per square foot cost for the theatre space and then subtract the amount of business that theatre audiences would bring into the pub. A local estate agent should be able to help with the commercial rent, allowing for the difference between retail space rent and 'hospitality' space rent.

Years ago (1997) when my company, Ovation, was about to take over the derelict room above The Gatehouse pub in Highgate and we were negotiating with the pub company, I suggested that we would get 100 people visiting the theatre every night who would all spend £20 each at the bar! The pub manager disagreed and suggested we might get 10 people a night spending £5 each! As the first-floor room had not been used as a theatre since 1902 much of the calculations were guess work but eventually, we agreed on a rent that both sides felt was acceptable. The rent over the years has always reflected the extra turnover that the theatre brought to the pub. At the last review the theatre's rent to the pub worked out at around £128 per seat but the theatre was also responsible for its own business rates, insurance and energy costs.

Finally, a word on rates. Make sure your Council is giving you all the available discounts. For the new financial year (April 2024 to March 2025), you may see credits for 'Transitional Amount', 'Supporting Small Businesses' and 'Retail Hospitality & Leisure Relief Scheme' on your Business Rates Bill. However, this can vary between Councils - good luck!!