HEART OF LONDON BUSINESS ALLIANCE

Attis

The Potential Impact on Businesses of the Government's Business Rates Reform Proposals

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FOREWORD

The current business rates system in England is not fit for purpose in an increasingly digitalised economy and the Government's commitment to reform the system is to be welcomed.

Business rates have a particular impact on retail, leisure and hospitality businesses and with over half of our member businesses in the Heart of London area from these sectors – my association needs to understand how the Government's proposed reforms to business rates are likely to impact our members.

At the heart of the Government's consultation (launched at the end of last year) are proposals to introduce several new multipliers which will enable the Government to reduce the level of business rates on retail, hospitality and leisure businesses with rateable values below £500,000. Their proposed solution however is that that this new relief should be financed by a higher multiplier on properties with rateable values of over £500,000.

What does this mean for our member businesses in the West End and central London?

Quite simply, it means that our members – particularly in the retail, hospitality and leisure sector will be hit disproportionately as well as businesses in many other parts of central London.

With the Government's proposals containing minimal analysis of the likely impact of the proposed new system on businesses, and for my association to be able to fully respond on behalf of our members – this is why we commissioned town centre consultancy Attis to examine in detail the potential and likely impact of the consultation proposals. This research has been prepared by some of the UK's leading experts in local government finance – Alexander Jan, Gavin Chiat and Professor Tony Travers.

HOLBA intends to oppose the proposed measures, but this is not a sign of support for the current system - HOLBA has also asked Attis to explore alternative ways to meet the Government's manifesto commitments more effectively.

We therefore look forward to working with the Government to create a better way of taxing businesses so that they all make a fair contribution to the funding of our vital public services.

Ros Morgan
Chief Executive
Heart of London Business Alliance

Key Findings

- A wide range of stakeholders from businesses to government agrees that England's **business rates system is in need of reform** and that the tax is poorly designed and needs to change.

- There is agreement that **high streets** and retail, leisure and hospitality (RHL) businesses **should be supported wherever they are**. **But the level of support for the RHL sector is set to fall from £2.5bn in 2024/25 to £1.5bn in 2025/26.**

- The Government's changes **are going to make a challenging system even worse**. From 2026/27 a further **£2.2 billion taxation will be imposed on occupiers of higher value properties. This is on top of the recently announced increases to national insurance that businesses must pay.** The higher rates are also likely to be levied on infrastructure assets that sit on the Central Rating List.

- Increases in business rates as proposed, will **generate no additional resources for local government** because the Government are **substituting financial support** for retail, hospitality and leisure that has **until now been paid for by the Exchequer with income from the higher rate multipliers.**

- The introduction of new multipliers will make the existing business rates system **far more complex to administer** and the Government's proposed use of loosely defined categories creates the risk of **many more disputes about valuation**

- **Because of higher land values, businesses in inner London will bear the brunt of the increased tax hike**: nearly **a billion pounds a year. This is equivalent to around 44% of the total** for the whole of England from **just 5,000 London rate-payers.**

- **A major increase in business rates could damage much of central London's retail, hospitality and leisure offer as well as weaken the London economy** at a time when it should be spearheading **the Government's economic growth mission.**

- Many London boroughs retain only **a small proportion** of the business rates that they collect in some cases, less than 5%. The figure for **Greater London in 2023/24** was **just 31.8%.** Because, in reality, none of the extra taxation paid by London businesses would be available for their local councils to spend, **the change amounts to a direct shift of burden from the Treasury to London businesses.**

- The Government's reforms are intended to **target online giants** but the reality is that the proposed changes are likely to extract **no significant income** from major players such as Amazon which is estimated to see its bill rise by just **£11m a year out of £2.2 billion.**

- Furthermore, we estimate that the increase in business rates from warehouses and distribution centres which could amount to as much as £365m per annum will lead to an increase in costs for many high street retailers because they are either occupiers or are dependent on these facilities to run their businesses.

- The Government should **release a full impact assessment of its proposed changes** to allow a full and open debate to take place. It should then **work with businesses and local government** to come up with a **plan that puts local government funding from business on a long term, sustainable footing by considering the reforms needed to make the system fairer, more equitable and to incentivise growth.**

1. BACKGROUND AND INTRODUCTION

1.1 In 2024/25, local authorities in England will have **£64.7 billion** in spending power[1]. This is funded from a number of sources. Apart from charges for services and activities such as parking, adult social care and leisure service provision, councils' principal revenue streams are council tax, non-domestic (business) rates and government grants. According to the Institute for Government, a think tank, in 2019/20 (before Covid emergency funds were introduced), the breakdown of funding between these three components was:

- Council tax 52%
- "Retained" business rates 27%
- Government grants 22%[2]

1.2 Whilst at first glance it may appear that local government is funded "locally" and has control over the majority of its income (council tax plus retained business rates), the reality is very different. Despite some reforms, local government funding is heavily centralised[3]. Under a complex series of arrangements, central government determines how much money each authority gets. Even Council tax is capped by Whitehall[4]. Some authorities receive grants which give them higher levels of funding than their local tax base would generate on a stand-alone basis, whilst others see big transfers of taxes that they collect locally to central government for use elsewhere. Central government sets the rules and ultimately allocates resources.

1.3 Business rates are an important element of local government funding. They are made up of two components. The largest relates to properties that are on local council rating lists. As of March 2024, there were some **2.01 million** rateable properties (also known as hereditaments) in England[5]. Together these have a combined rateable[6] value of **£68.23 billion**[7]. Multipliers[8] (otherwise known as "the poundage") are used to determine what proportion of the rateable value should be paid in any given year. In the financial year 2023/24 some **£25.1 billion** in business rates income (after discounts and reliefs) was collected by local authorities.[9]

1.4 In addition to rateable properties on council lists, there are also railways, energy pipelines and other forms of major infrastructure. These often straddle many local authorities making it hard to divide them up for rating purposes. They are included in the Government's **Central Rating List (CRL)**[10]. As at March 2024 they had a combined rateable value of **£3.79 billion**[11] and in the financial year to the end of March 2024 generated an estimated **£2.05 bn** in revenue[12]. Taking these two components together, business rates generated around **£27 billion** per annum equivalent to cover **42%** of local authority expenditure for 2023/24.

2. REFORMING BUSINESS RATES

2.1 For many years, the business rates system has been seen in need of reform.[13] Successive governments of all political persuasions have said they have wanted to change the tax. In 2011, the Mirrlees review *Tax by Design*, stated:

> "*The business rate is not a good tax. It discriminates between different sorts of businesses—agriculture is exempt, for example. More fundamentally, from an economic perspective, business property is an input to the productive process of a company. Further, it is a produced, or intermediate, input with the same economic properties as other forms of physical capital...It is an important principle of the economics of taxation that an efficient tax system should not distort choices firms make about inputs into the production process, and hence that intermediate goods—those used in the production process—should not be taxed. The principal effect of business rates is that economic activity in the UK is artificially skewed away from property-intensive production.*"[14]

2.2 Very recently, the Labour Party in its 2024 manifesto committed to, "*replace the business rates system*" in England and to "*level the playing field between the high street and online giants, better incentivise investment, tackle empty properties and support entrepreneurship*".[15] True to its promise, as part of Budget 2024, the Labour Government announced it will, "*…create a fairer business rates system that protects the high street, supports investment and is fit for the 21st century.*"[16] Legislation is now going through Parliament to bring reforms into law and the Bill[17] has reached its report stage in the House of Commons. [18]

2.3 A principal reform for the Government is that from 2026-27, it wants to **lower permanently** the business rate multiplier for Retail, Hospitality and Leisure (RHL) properties with a rateable value of less than £500,000. This follows on from the introduction of temporary reliefs for these sectors. They were introduced in 2020/21 as a result of the Covid-19 pandemic and have been renewed on an annual basis. The rate and cash limits per business are shown in Figure 1 below

2.4 The Government intends to introduce up to **two new lower business rate multipliers** that can be up to **20 pence below** than the small business multiplier. The small business multiplier is currently 49.9p; some 4.7 pence lower than the standard multiplier of 54.6 pence.[21] The Government wants to introduce these because it says "bricks and mortar" businesses in the RHL sectors (and as a result the nation's high streets) have been suffering from the growth in on-line sales.

2.5 Currently, business rate reliefs for the retail, hospitality and leisure sector are paid for by the Exchequer, not by other business rate-

Figure 1 – Retail, Hospitality and Leisure Relief on Business Rates[20]

Year	Relief
2021/22	100%
2021/22	100% (Apr 21 – Jun 21); 66% (Jul 21 – Mar 22)
2022/23	50%: max £110,000 per business
2023/24	75%; max £110,000 per business
2024/25	75%; max £110,000 per business
2025/26	40%; max £110,000 per business

payers. But in a **major shift in policy**, the Government wants the cost of the new proposed lower multipliers to be paid for from **within the business rate system**.

2.6 Past decisions to introduce reliefs for lower rateable value businesses paid for by the Exchequer are to be superseded by a new system of reliefs to be paid for by other business ratepayers. To do this the government is going to introduce one or more new multipliers that are **higher than the standard rate** by up to a maximum of **10 pence**, to be applied to properties with a rateable value of £500,000 and above. In its consultation paper, the Government goes out of its way to single out "online giants" as a target for its reforms. The Government has not yet specified if properties in all types of uses will pay the higher multiplier rate(s)[23] so there is a real risk that **retail, hospitality and leisure enterprises along with offices and factories will be paying more if they occupy higher value properties**. Businesses which occupy properties with higher rateable values could be paying as much as 20% more in business rates than is currently the case before any adjustments for inflation. As observers of the business rates system have pointed out[24], the *high rateable value* of a property and the *business rates paid* is not the same as talking about *large businesses* with *high levels of profitability*.

3. ANALYSIS

3.1 Attis has commissioned a leading business rates analyst Gavin Chait of Whythawk[25] to help undertake early-stage modelling and analysis of the potential impacts of changes to business rates that could take place under the Government's proposals as outlined above. This analysis alongside research and analysis undertaken by Attis suggests the following.

3.2 Currently, only around **0.8%** (16,340) properties in England have a rateable value of over **£500,000**[26] out of a total of (just over) **2 million**. However, they have a **disproportionately high** combined **rateable value** of **£22.7bn** or **33%** of the total for all rateable properties.[27] If the Government was to introduce a 10p increase in the multiplier for all properties in England with a rateable value of over £500,000, this could, all things being equal, (and subject to the 2026 revaluation) cost their occupiers as much as **£2.2 billion per annum.** That is equivalent to just over **8.5%** of the **total amount raised in 2023/24** from business rates.[28] The government has indicated that it intends to apply the higher multipliers to infrastructure assets on the Central Rating List as well. This could add additional costs to industry and business.

3.3 This £2.2 billion **is considerably higher** than the potential value of the new permanent reliefs for RHL properties the Government has mapped out (discussed below). This raises the prospect that the Government wants to shift even more of the cost of paying for **other business rate reliefs**[29] such as those enjoyed currently by very low value rateable property users onto higher value rate payers.

3.4 Out of the **16,340** properties with a rateable value of more than £500,000, just over one in three **36%**[30] (5,882) are in **Greater London** with the vast majority of these (5,049[31]) located in **Inner London**.[32]

3.5 **Properties located in Inner London** with a rateable value of more than £500,000 represent just **0.25%** of all rateable properties in England but have a rateable value of **£7.3 billion** or **10.7%** for all properties in England. If the Government was to introduce a **10p increase in the multiplier** for these properties, it would increase their business rates by **£781m per annum for Inner London and £191m for Outer London - around £972m a year more, equivalent to 44% of the total increase that we estimate will be raised for the whole of England.**[33]

3.6 **Inner London boroughs** retain only **a small proportion** of the business rates that are collected by their local authorities. In 2022/23, just **one pound in five was retained** (21.9%). The figure for **Westminster** was **4.5%** whilst in the **City of London** it was just **3.9%**. **Outer London boroughs** retained just under **60% of the business rates revenue** they collected. The overall figure for **Greater**

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London was **31.8%**[34]**. Thus, none of the extra taxation paid by inner London businesses would be available for local councils to spend: the change amounts to a direct shift of burden from the Treasury to London businesses.**

3.7The Government says it wants to **target "on-line giants"** in order to support high streets. But there are just **2,880 distribution centres** in England with a rateable value of more than £500,000. This is equivalent to **fewer than one in five (17.6%)** of all properties in England with higher rateable values[35]. Our analysis suggests that **an increase in the multiplier of 10p** for warehouse and distribution centres could **increase their bills by as much as £365m per annum**. This in turn would lead to increased costs for many high street retailers because they are either occupiers of, or are dependent on these facilities to operate their businesses. Furthermore, we estimate that the increase in business rates from warehouses and distribution centres which could amount to as much as £365m per annum will lead to an increase in costs for many high street retailers because they either occupiers or are dependent on these facilities to run their businesses. Within this figure, our research concluded that **Amazon**, the online giant, has only **33 distribution centres** that fall into the higher value category, equivalent to just **1.1%** of all distribution centres or **0.2%** of all properties in England with a rateable value of more than £500,000.[36] All things being equal, an increase in business rates under the proposed changes for Amazon which enjoys an e-commerce market share of more than 30% in the UK[37], would raise an estimated **£11m, or just 0.5%** of the total £2.2bn in question. This is equivalent to **0.04%** of the £25.1 bn of business rate income for 2023/24. **The Government's changes risk being less a tax on "on-line giants" than on businesses located in city such as London, including our high streets.**

3.8The Government intends to "give the biggest cut" to RHL properties currently paying the **small business multiplier** (i.e. with a rateable value of less than £51,000) but says businesses with a rateable value of between £51,000 and £500,000 are also going to benefit. (There are an estimated 832,696 properties used for retail, leisure and hospitality purposes in England with a rateable value of under £51,000 and 79,563 with an RV between £51,000 and £499,999.[38]). Without further details of the Government's proposed new relief regime, it is extremely difficult to estimate what the value of reliefs will be. For example, the £110,000 cash cap per business may or may not be retained and new reliefs will be introduced affecting higher value properties.

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What we do know is the value of the RHL relief for 2025/26 (before the new multipliers are introduced) is **£1.5 billion**.[39] This is **significantly lower** than the 2024/25 relief for retail hospitality and leisure properties which is worth **£2.5 bn**[40] per annum (and which affected some 250,000 properties[41]). This fall is because a reduced level of relief is being introduced for 2025/26 which is declining from 75% to 40%[42] for RHL properties.

4. CONCLUSION

4.1 Everyone agrees that business rates are in need of reform and that the tax is poorly designed and needs to change. The proposed reforms add another £2bn to business taxation in order to remove the burden from other, less economically damaging, taxes.

4.2 There is also widespread consensus that high streets – and retail, leisure and hospitality enterprises should be supported wherever they are. But **the level of support for the RHL sector is set to fall** from £2.5bn in 2024/25 to £1.5bn in 2025/26.

4.3 The Government's further proposed changes **are going to make a poorly designed system even worse**. The introduction of new multipliers will make the existing system **far more complex** to administer. Furthermore, as the House of Commons Library recently pointed out "…there is no definition in law of 'retail, hospitality, and leisure properties[43]. The Government's changes therefore raise the prospect of **many more disputes about valuation.**

4.4 The proposed scheme is **substituting financial support** for retail, hospitality and leisure enterprises that has **until now been paid for by government from general taxation.** This is the result of successive governments' understandable desire to **protect** low rateable value **businesses** from **a bad tax.** The new proposals represent **a new super-tax levy on businesses with higher rateable values.** That is, the incident of a bad tax is being shifted from one set of businesses to another. These changes **do not raise a single penny of additional funding for local government**.

4.5 Whilst ostensibly the Government's reforms are supposed to **target online giants**, the reality is that the proposed changes are likely to extract **no significant income** from major players such as Amazon. Even taking into account all higher rateable value distribution centres, the increase in revenue from them is estimated by Attis at **just £365 million, equivalent to less than 1.5% of business rates for 2023/24. Much of this may end up being paid by high street retailers** that use these facilities to operate their businesses.

4.6 No analysis is cited by the Government about **the relationship between businesses with rateable values of over £500,000 and the profitability of such enterprises**. A significant number of major retailers (with RVs of over £500,000) in inner and central London have become less and less profitable in recent years. For this reason, the Government and the Mayor of London recently announced a development corporation for Oxford Street. **It is hard to see how a major increase in business rates would do anything other than damage central London's** retail, hospitality and leisure **offer** and more generally **weaken the UK's most productive area of economic output** –

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central London.

4.7 Because of higher land values, **London ratepayers** and especially those in Inner London (many of them high street shops), are set to bear the biggest burden from the Government's changes. If the Government chooses to set the higher multiplier at its maximum rate, that could lead to an increased rates burden for higher value ratepayers, of as much as **£972m** in Greater London, **44% of the total** raised for the whole of England.[44]

4.8 Finally, because **London local authorities** are already **very large net contributors** to the national system of local government funding and the changes are designed to substitute for support provided outside of business rates, the changes will mean London councils will be **no better off** despite **big increases in the value of business rates they collect for the Treasury.**

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Technical methodology

Commercial rates are a legal requirement and must be paid on all hereditaments considered to be in a lettable / habitable state. The official definition of hereditament is somewhat self-referential:

"Hereditament" means property which is or may become liable to a rate, being a unit of such property which is, or would fall to be, shown as a separate item in the valuation list.

In practical terms, these are individual, unique commercial units at specific addresses.

For England and Wales, these data are developed and maintained by the VOA[45]. They release updates to their 2010, 2017 and 2023 ratings lists fortnightly, issuing adjustments to valuations of existing hereditaments, or removing and adding hereditaments to the list. Each is assigned a category of use (SCAT) from a list of 457 types. The source data used are the latest for the 2023 valuation (epoch 11 as at 12 December 2024), and government tabulations of national non-domestic rates collected by councils[46] in England for 2024-to-2025 and 2023-to-2024.

Hereditaments themselves may include multiple distinct components (storerooms, offices, mezzanine floors, etc.), each rated according to their classification, but being summed to a total floor area and rental valuation for each hereditament. For the sake of simplicity, we do not consider these subcomponents in our analysis but use only the total hereditament data.

The queries requested for this study are for summations and counts with the dimensions:

- **Sectors:**
  - *Retail, hospitality and leisure (RHL)*: there is no generally agreed definition for SCAT codes as corresponding to RHL but we have a specific definition that has been developed in conjunction with UCL and BEIS, and used in multiple research projects across the UK by academia and government. This is available for review. In the absence of formal agreement, this is the best available definition.
  - *Distribution warehouses*: the objective is to compare to Amazon's distribution centres and so these were identified and then the SCAT codes ("096", "151") were used as filters.
- **Rateable value thresholds:**
  - Less than £51,000
  - Between £51,000 and £500,000
- **Rates scenarios:**
  - 10p increase on the rates multiplier, for specific sectors and rateable value thresholds
  - 20p decrease on the rates multiplier, for specific sectors and rateable value thresholds

Technical methodology

The queries themselves are direct database queries of the source data, with filters as described. Rates scenarios for the RHL reliefs are caveated.

An absolutely accurate RHL reliefs calculation requires an integrated list of business owners and their individual rateable hereditaments since a business – across all its hereditaments – may only claim a maximum of £110,000 as relief. The £1bn additional RHL relief over the existing mechanism presents really as an "uncapping" of the £110k limit, so a 45% relief vs 75% acts to both lower some ratepayers' reliefs, while leaving others unchanged (Starbucks would continue to receive the £110k relief regardless). It's difficult to estimate exactly how this would be calculated and so we have taken a straight-line multiplier. This is likely to overestimate the reliefs offered.

Aggregations by rates authority are conducted using a geospatial boundary filter to match to the existing boundaries. This does vary from that of the VOA which uses boundaries as at 2010, however, multiple authorities are now combined or no longer exist. Our aggregations correspond to those of the government national non-domestic rates data as provided. Since their methods are not published there may be small differences between the total valuations we aggregate relative to theirs.

While we have significant experience at conducting this type of rates valuations analysis, there is nothing unique or proprietary to these data. All are available directly to the public from the respective government agencies. Further, our aggregations and scenario calculations are available in a single spreadsheet for review.

About the report's authors and advisor

Alexander Jan - author

Alexander Jan is the former chief economist at Arup, the built environment consultancy. Currently, he is chief economic advisor to the London Property Alliance. He is non-executive chair of two central London business improvement districts, the Central District Alliance and Hatton Garden BID and a freelance consultant.

Alex has many years' experience of working on projects associated with the growth and development of major urban areas and the potential for different financing and funding mechanisms to pay for infrastructure. He is regularly quoted in the Financial Times on infrastructure related matters. Alex has worked on a number of reports on the future of local government finance with an emphasis on devolution, including Jan Alexander with Travers Tony: *Business Rates Reform - Options Paper: History and Context* Westminster Property Association with the New West End Company, December 2023; Jan, Alexander: Tackling long standing regional imbalances in England - the case for more radical devolution., UK 2070 Commission, September 2019; Fell, Matthew: *A New Deal For London - The Business & Economic Case for Further Devolution in the Capital*, Business LDN, September 2024; Jan, Alexander and Wilcox, Zach with Travers, Tony: *Business Rates review study Summary Findings*, Arup for the New West End Company, July 2018.

Whythawk and Gavin Chait - author

Whythawk offers integrated open data science consulting, data management and analytical software development, and technical data science training and research for open knowledge-based economic development and public health projects for governments and institutions.

Whythawk consultants and developers have, either independently or in consortia, delivered many of the world's leading open data portals, from data.gov in the US, to Mexico's datos.gob.mx, as well as working with intergovernmental organisations, like the World Bank, in Nigeria, Ghana, Mauritius and Tanzania, and UKAID in Pakistan.

Gavin Chait, Whythawk's data scientist, leads product and software development on data-driven software services, and researching data collection, analysis, release and management, including:

- https://openLocal.uk is a quarterly-updated commercial location database, aggregating open data on vacancies, rental valuations, rates and ratepayers, into an integrated time-series of business activity. Project data and analysis have served to inform analysis into the COVID lockdown period, the Levelling Up economic recovery response, and research into business energy consumption, the impact of rates on business vacancy, and business activity clustering maps.

About the report's authors and advisor

- https://whyqd.com provides an intuitive method for schema-to-schema data transforms for research data reuse, and for restructuring poorly-structured data to conform to a standardised metadata schema. This project received funding from the European Union's Horizon 2020 research and innovation programme.

Whythawk's research services have offered insight into research data management for the Public Health Research Data Forum, a complete technical assessment of open data software platforms for the World Bank, and analysis on data transparency and interoperability for the future of air mobility with the Open Data Institute

Professor Tony Travers, London School of Economics - advisor

Tony Travers is a Professor in LSE Department of Government, Associate Dean of the LSE School of Public Policy and Director of LSE London. His key research interests include local and regional government, elections and public service reform. Professor Travers' knowledge is frequently sought by policymakers and he has advised a range of select committees and think tanks. He also provides expert analysis for broadcast and print media, regularly appearing on major television and radio networks.

Tony is chair of the British Government @LSE research group and regularly provides political analysis on the *LSE Government YouTube channel*. He has also written several books, including *London's Boroughs at 50*.

He contributes a regular column to the Local Government Chronicle and has also written for The Guardian, The Evening Standard, The Independent, the Financial Times and The Times. He has published a number of books on cities and government.

Travers has held a number of official posts. From 1992 to 1997, he was a member of the Audit Commission and, between 1999 and 2004, he was a Senior Associate of the King's Fund. He has advised the House of Commons Education and Skills Select Committee and the Committee on the Office of the Deputy Prime Minister and is a member of the Chartered Institute of Public Finance and Accountancy. He was also a member of the Urban Task Force Working Group on Finance. Tony chaired the London Finance Commission, 2013, which issued a second report in 2017.

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ENDNOTES

[1]https://commonslibrary.parliament.uk/research-briefings/cbp-9956/

[2]https://www.instituteforgovernment.org.uk/explainer/local-government-funding-england

[3] See for example: https://www.localis.org.uk/analysis/london-finance-commission-one-decade-raising-capital-paul-honeyben-strategy-director-london-councils/

[4]https://mhclgmedia.blog.gov.uk/2024/11/29/local-government-policy-statement/

[5] See Table_SOP1.2 in https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-2024

[6] Rateable values are set by the government's Valuation Office Agency (VOA). The multiplier is set by the UK government for England. Business rates are devolved to Scotland, Wales and Northern Ireland.

[7] See Table_SOP1.2 in https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-2024

[8] The multiplier is the proportion of the rateable value of a property that the bill payer must pay in any given year. Currently, the "standard multiplier" is 54.6 pence in the pound and the "small business multiplier" is 49.9 pence (see https://commonslibrary.parliament.uk/research-briefings/cbp-10142/). The standard multiplier applies if the rateable value of a business property is £51,000 or more; the small business multiplier generally applies if the rateable value of a property is below £51,000 (see https://www.gov.uk/calculate-your-business-rates).

[9]https://www.gov.uk/government/statistics/national-non-domestic-rates-collected-by-councils-in-england-2023-to-2024/national-non-domestic-rates-collected-by-local-authorities-in-england-2023-to-2024

[10]https://assets.publishing.service.gov.uk/media/66c6faf781850effa1b18e86/2023_Central_List_Current_Pages_England.pdf

[11] See Table_SOP1.1 in https://assets.publishing.service.gov.uk/media/66695d2cf5e751f1b786db07/ndr_stock_of_properties_2024.xlsx

[12] Using the standard multiplier rate of 54.6 for 2024/25

[13] See for example, https://www.westminsterpropertyassociation.com/business-rates-reform-options-paper/

[14]https://www.nuffieldfoundation.org/wp-content/uploads/2019/11/taxbydesign.pdf, page 376

[15]https://commonslibrary.parliament.uk/how-could-the-government-change-the-business-rates-system/

[16] https://assets.publishing.service.gov.uk/media/67212a5f4da1c0d41942a8c1/Transforming_Business_Rates.pdf

ENDNOTES

[17] https://bills.parliament.uk/bills/3887

[18] https://bills.parliament.uk/bills/3887/stages/19383

[19] This means that any company owning a property, or properties can only receive a maximum of £110,000 in relief.

[20] https://commonslibrary.parliament.uk/research-briefings/cbp-10142/

[21] https://commonslibrary.parliament.uk/research-briefings/cbp-10142/

[22] https://assets.publishing.service.gov.uk/media/67212a5f4da1c0d41942a8c1/Transforming_Business_Rates.pdf

[23] https://commonslibrary.parliament.uk/research-briefings/cbp-10142/

[24] Professor Tony Travers, London School of Economics & Political Science, January 2025

[25] Analysis by Whythawk using commercial location data from OpenLocal.uk, https://openlocal.uk/

[26] Whythawk research and analysis for Attis using data from OpenLocal.uk, https://openlocal.uk/

[27] See Table_SOP2.2 in https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-2024. Note the total number of properties with a rateable value of more than £500,000 varies slightly from Whythawk's estimate.

[28] Excluding the Central Rating List. Whythawk research and analysis for Attis using data from OpenLocal.uk, https://openlocal.uk/

[29] For example in 2023/24 the total cost of all reliefs was over just over £7 billion of which the net cost of Small Business Rate relief was £1.37bn. See https://www.gov.uk/government/statistics/national-non-domestic-rates-collected-by-councils-in-england-2023-to-2024/national-non-domestic-rates-collected-by-local-authorities-in-england-2023-to-2024

[30] Whythawk research and analysis for Attis using commercial location data from OpenLocal.uk, https://openlocal.uk/

[31] Attis analysis based on the latest available local ratings lists.

[32] Inner London uses the ONS definition of Camden, City of London, Hackney, Hammersmith & Fulham, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth and Westminster.

ENDNOTES

[33] Whythawk research and analysis for Attis using commercial location data from OpenLocal.uk, https://openlocal.uk/

[34] Source for all figures, Pixel Financial Advisors (https://pixelfinancial.co.uk/); Attis analysis. Note that these figures exclude Section 31 grants and GLA contributions.

[35] Whythawk research and analysis for Attis Analysis using commercial location data from OpenLocal.uk, https://openlocal.uk/

[36] Whythawk research and analysis using commercial location data from OpenLocal.uk, https://openlocal.uk/

[37] https://www.frisbi.com/blog/comprehensive-guide-to-amazon-uk-in-2024#:~:text=Amazon's%20dominance%20in%20the%20UK,a%20month%20and%2017%25%20weekly.

[38] Source: Whythawk research and analysis using commercial location data from OpenLocal.uk, https://openlocal.uk/

[39] https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_Oct_2024.pdf, p105.

[40] https://obr.uk/docs/dlm_uploads/E03057758_OBR_EFO-March-2024_Web-AccessibleFinal.pdf, p94.

[41] https://www.gov.uk/government/news/next-steps-set-out-to-permanently-cut-business-rates-for-the-high-street

42] https://www.gov.uk/government/news/next-steps-set-out-to-permanently-cut-business-rates-for-the-high-street; a cash limit of £110,000 per business is retained.

[43] https://commonslibrary.parliament.uk/research-briefings/cbp-10142/

[44] Analysis by Whythawk using commercial location data from OpenLocal.uk, https://openlocal.uk/

[45] https://voaratinglists.blob.core.windows.net/html/rlidata.htm

[46] https://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils

About Heart of London Business Alliance

Heart of London Business Alliance (HOLBA) was the first Business Improvement District (BID) established in central London. The Heart of London area consists of three subdistricts: Leicester Square and Piccadilly Circus, Piccadilly and Jermyn Street and St Martin's Lane area. Collectively, these areas host some of London's most iconic and popular tourist and cultural attractions.

Over the last two decades, HOLBA has fine-tuned its service and offer, from keeping the area clean and safe, to promoting and marketing the West End as a world-class destination, and most recently, in the wake of the pandemic, determining how it can regenerate the area, attract inward investment, and drive forward its transformational public realm strategies.

Since its establishment, HOLBA has invested a total of £35 million of the BID's levy directly into the area to address the shared priorities of its members. During the pandemic, it also helped secure a £1.57bn support package for the art and culture sector and successfully campaigned for business rates relief helping to save West End businesses over £1bn.

About Attis Partnership

Attis is a new type of agency, created to support town and city centre vitality, viability and sustainability by taking a mission-led approach to a comprehensive range of key issues.

Unlike the traditional issues-based approach, for each project Attis creates a bespoke Mission Team comprising experts in all the different elements that impact on the project to give a more holistic, expert and integrated response.

HOLBA's mission is to achieve the best possible policy outcome for its members from the Government's review of the business rates system. Attis's Business Rates Mission Team includes experts in local government finance, influencing public policy, working with the Labour Party and the management of city centres.

This report is one element of the wider mission programme.

www.attispartners.co.uk