

# **A RESPONSE TO 'TRANSFORMING BUSINESS RATES'**

## **Background**

Business Improvement Districts (BIDs) were introduced to England in 2004. There are now over 340 BIDs in the UK with total annual investment in the places in which they operate exceeding £150 million.

The Eastern BIDs Network (EBN) is a grouping of 28 BIDs in the 6 counties of Norfolk, Suffolk, Essex, Cambridgeshire, Bedfordshire, and Hertfordshire. They include 11,596 businesses and invest over £9.5 million a year in the region. Members operate BIDs in small market towns such as Kings Lynn and Saffron Walden, major cities such as Cambridge, Norwich, Chelmsford and Milton Keynes, coastal visitor destinations such as Great Yarmouth and Southend-On-Sea, and industrial areas such as Witham.

We welcome the discussion as to how the current system of business rates – which, other than minor amendments from time to time has been in place for over 35-years – can be made appropriate for today's fast-changing trading environment. At the time that the system was initiated most people's vacations were spent in the UK rather than overseas, shopping took place on high streets rather than on-line or out of town, and comparative costs of operating from bricks and mortar was significantly lower.

We also recognise the importance of the government not feeling in a position to sacrifice overall tax revenues because of any change, particularly at a time when the sustainability of public finances appears so important.

To assist in preparing this response, EBN BIDs held a series of discussions with businesses. A summary of the feedback was:

- The system needs changing, although there was an acceptance that final outcomes may not be perfect.
- A main issue was how online businesses are taxed.
- Smaller businesses wanted parity of voice with larger businesses in influencing government for change. There were concerns about the ability of the corporations to galvanise and lobby government on behalf of everyone.
- There were concerns that the proposals did little to promote growth, particularly amongst smaller businesses which were being 'squeezed out' by increased costs. Some were actively reviewing opening hours/staffing levels etc.
- Concern that increasing costs on larger businesses would just push cost down to small businesses and to the consumer, threatening spend on high streets overall.

## **Recommended considerations**

The EBN requests that the government considers the following:

- Charges and reliefs based upon a level of rateable value (RV) utilised country-wide lead to large discrepancies between geographies i.e., the rental value (used the assess RV) of a 1,000 square foot store in a rural location is entirely different to that in a major city; and regional variations (e.g., London compared to Norwich) also apply.
- Removal of as many cliff-edges within the system by applying transitional rates (e.g., to the threshold for small business rates relief).
- Removal of the full relief for vacant listed buildings.
- Speeding-up the allocation of RVs to new premises as this can sometimes take up to a year in addition to more frequent (ideally annual) revaluations.
- A fairer distribution of tax liabilities between in-town and out-of-town retail locations.
- The introduction of a dedicated on-line sales tax used to off-set reductions in liabilities for commercial premises.
- Support for, rather than additional tax burdens placed on, larger footprint premises, particularly anchor stores on high streets, hospitals and healthcare etc.
- Maintain charitable relief (or similar) for private schools which are included within a number of EBN BIDs.
- Legislation permitting Property Owner BID (POB) beyond central London and for the local budgets made available from new POBs, alongside conventional occupier funded BIDs, to be considered as part of the overall tax revenue of a location.
- Reducing liability on occupiers by involving property owners in contributions to business rates, whilst avoiding their liability being handed-down to occupiers by way of increased rent, service charge or similar.
- A simplification of the multiple systems of reliefs currently applied.

- Encouragement for local authorities and business organisations such as BIDs to collaborate annually on the production of the appropriate strategy for investing funds from business rates.
- Discontinuation of national listings (Central list) resulting in all premises being locally listed, able to contribute to BIDs and their local communities. Local Authorities should be given access to the Central listing. Properties should be reviewed and rated in the same way as other local listings.
- Finally, any changes to business rates must support rather than jeopardise existing funds raised by BIDs.

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