NEW WEST END COMPANY

Business Rates Discussion Paper

New West End Company Representation

1. Introduction

New West End Company (NWEC), the Business Improvement District (BID) representing over 600 property and occupier businesses across the West End and Mayfair, welcomes the opportunity to respond to the Government's Business Rates Discussion Paper.

We operate across 82 streets, anchored by Oxford Street, Regent Street and Bond Street. The West End contributes nearly £10 billion annually to the UK economy, supporting over 150,000 jobs. Our members include businesses such as Selfridges, Boots, Primark, H&M and John Lewis, key employers and economic drivers which make up one of the largest and busiest retail, leisure and hospitality districts in the UK and Europe.

We recognise the Government's commitment to modernising the business rates system to support high streets, encourage investment, and create a fairer tax structure. However, we are deeply concerned that the current proposals will disproportionately burden flagship high street destinations like the West End, leading to store closures, job losses, and a deterrent to investment at a time when the UK must strengthen its global competitiveness.

2. Impact of the 'Super Tax' Multiplier

While the Government intends to rebalance the burden of business rates, under current proposals, far too great a burden will be placed on flagship high street destinations like the West End. Business impacted will be those which operate in properties with a rateable value over £500,000 – the very same, often larger, businesses which are significant national employers, anchors for nearby communities, and drivers of local and national economic growth.

These businesses have already had to account for planned rises to employers' national insurance contributions and the national minimum wage. Against the backdrop of a rapidly growing tax burden, the creation of a new 'super tax' higher multiplier will increase the likelihood of job losses and store closures.

Our own impact assessment has revealed that the Government's proposed maximum 10p increase in a new 'super tax' multiplier for properties with a rateable value of over £500,000 would cost affected businesses in the West End up to £44.5 million extra a year. This figure only reflects the impact on those properties which *already* have a rateable value of over £500,000. The true impact, post the 2026 revaluation, is likely to be higher, as properties currently under the rateable value threshold rise above it – some for the first time.

Far from 'targeting online warehouses' as the Government intends, 67% of our members (based on the current 2023 ratings list) will be hit. These are national, international and independent businesses operating across the West End, including on streets such as Oxford Street, Regent Street and Bond Street.

Moreover, analysis conducted by nationwide, pro-growth group High Streets UK has found properties subject to the new higher 'super tax' multiplier are 5.1x more likely to be in flagship high street locations – like the West End, but also city centres Birmingham, Liverpool or Newcastle – than anywhere else in the country.

This impact will be particularly felt in the West End, where you are 10x more likely to find an impacted property than anywhere else in the UK and where, should proposals go through, 3,900 jobs could be lost and 450 trading units put at risk of closure.

This runs directly counter to the Government's stated aims of protecting high streets, encouraging investment and creating a fairer system. It also undercuts recent bold, pro-growth policy decisions backed by Labour. In the West End alone, such decisions include the recent planning approval given to Marks & Spencer for the redevelopment of its Marble Arch store, and the Mayor of London, Sir Sadiq Khan's, ambitious transformation plan for Oxford Street.

3. Economic Consequences of Increased Business Rates

A survey, also conducted by High Streets UK, revealed just how affected businesses in flagship high street locations would look to mitigate proposed changes to the business rates multipliers; 69% by reviewing staffing requirements, 64% by passing costs on to consumers and a third by reviewing investment strategies (34%) or closing locations (31%).

Rising business rates will make the UK a less attractive investment destination, particularly when compared to international competitors. The UK raises twice as much revenue from property taxes as the OECD average,[1] and the 54.6% levy on commercial property means that those businesses with a large property footprint – such as restaurants or in-person retail – face a far higher effective tax rate than competitors which operate primarily online.

As a result, landlords and investors will defer or cancel refurbishment projects, reducing the overall quality of high streets and limiting future investment. This risks creating a downward cycle where declining investment and higher operating costs make flagship high streets less appealing for both businesses and shoppers.

For consumers, the financial burden on businesses will inevitably be passed on through higher prices, making shopping in flagship retail destinations less competitive compared to online alternatives. This would lead to reduced footfall, and higher inflation, further threatening the viability of high street stores and undermining the government's ambition to support vibrant, thriving retail centres.

4. Our Policy Recommendations

We are calling on the Government to reconsider current business rates proposals, as outlined in the Business Rates Discussion Paper, to avoid unintended consequences like store closures and job losses in the West End and beyond. Specifically, we are calling for HM Treasury to:

[1] OECD (2021) *Tax on property*. Available at: http://bit.ly/41yz1AA

- Produce a comprehensive, long-term impact assessment of any proposed multiplier increases, including how this could affect job growth and future investment in already overburdened sectors including retail, hospitality and leisure – the very same the Government hopes to protect.
- Exempt all Retail, Leisure and Hospitality properties from the new 'super tax' higher multiplier
    - This measure would support the UK's high streets – in line with the Government's commitment to protect high streets - by preventing excessive cost burdens on high-value businesses that are central to local economies and employment.
- Fix the multipliers immediately, rather than increasing them annually in line with CPI. This would provide greater certainty to businesses between revaluations.
    - This would require the Government to remove the principle of revenue neutrality, which does not apply to other tax bases.
- Extend Empty Property Relief from 3 months to 6 months, followed by a 50% discount thereafter. This would bring the relief more in line with the average time it takes for most retail units to find a new occupier (12 – 18 months, according to the British Property Federation), and encourage property owners to divert the capital otherwise spent on business rates liabilities into upgrading their properties.
    - This relief should also be extended to listed buildings, of which there are a significant proportion in flagship high street locations.
- Freeze any increase in the higher multiplier until 2027/2028, after the 2026 revaluation, to allow businesses ample time to prepare for increases in rates liability.
    - Increase the higher rate multiplier threshold at the point of the 2026 revaluation, in order to avoid fiscal drag.
- Build in transitional relief for businesses that would be required to pay the higher multiplier post the 2026 revaluation.
- Ensure that a portion of locally collected, higher rate multiplier is retained and ring-fenced for investment in the corresponding area, so those who pay the highest rates see a positive impact on their doorstep.

5. Protecting the UK's Flagship High Streets

The West End is often referred to as the "nation's high street", generating significant tax revenue, supporting thousands of jobs, and serving as the global shopfront for British retail and tourism. However, without urgent reconsideration of the proposed business rates changes, flagship high streets face serious economic harm—with potential ripple effects across the wider UK economy.

We urge the Chancellor to reassess these proposals in light of the Government's stated aims of protecting high streets, encouraging investment, and creating a fairer system. New West End Company stands ready to work constructively with policymakers to develop a modern,

sustainable business rates system that supports the UK's world-leading retail, hospitality and leisure sectors and delivers economic growth, jobs and flourishing high streets.

Warmest regards,
Dee Corsi
Chief Executive, New West End Company