

Autumn Budget 2025: A Submission from HSUK

About High Streets UK

High Streets UK (HSUK) is a nationwide, pro-growth partnership of business representatives from flagship city centre destinations across the country — Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Leeds, Liverpool, London and Newcastle.

Together, we represent more than 5,000 businesses generating over £50 billion in GVA annually. These businesses sustain hundreds of thousands of jobs in retail, hospitality, leisure and their supply chains, and welcome millions of domestic and international visitors every year.

Our flagship high streets are not simply shopping areas — they are anchors for regional economies. They provide jobs, attract tourists, sustain cultural institutions and act as catalysts for wider regeneration. Yet across the UK, these destinations face common challenges: a business rates system that penalises investment in physical premises; rising levels of retail crime and anti-social behaviour, which undermine confidence and safety; and a tourism framework that leaves the UK less competitive internationally.

HSUK was formed to give flagship high streets a coordinated national voice, to shape practical reforms, and to work with Government to unlock growth. This Autumn Budget provides a crucial opportunity to deliver change. By acting now, Government can stem further decline, safeguard jobs and investment, and ensure that Britain's high streets remain vibrant, competitive and central to a strong national economy.

Business Rates Reform

Flagship high streets are the economic and social anchors of UK cities, collectively contributing over £50 billion in GVA annually and supporting thousands of jobs. Yet under current proposals, HSUK analysis shows 600 trading units on flagship high streets are at risk, with more than 200 stores facing permanent closure. Without urgent intervention, business rates will act as a brake on growth, hollowing out the very locations that generate the most economic value.

The system is failing on two fronts.

First, the proposed new “super tax” higher multiplier - originally designed to target large online warehouses - will fall overwhelmingly on bricks-and-mortar retail, hospitality and leisure businesses in flagship destinations. Properties in these locations are five times more likely to be captured than the national average, rising to ten times more likely in London's West End. This creates a structural disincentive to invest in physical premises, while online competitors continue to enjoy significantly lower effective tax rates. It penalises precisely those businesses that anchor local economies and drive footfall for smaller operators.

Second, the UK already raises twice the OECD average from property taxation, with commercial property facing one of the highest effective tax burdens in the developed world. Up-rating multipliers annually with CPI compounds this problem, embedding inflationary fiscal drag into the system. Businesses on flagship high streets are facing steep, unpredictable rises in tax bills that erode margins, reduce competitiveness, and deter new investment in physical locations.

The consequences are stark. A survey of HSUK member businesses shows that:

- Nearly 70% would cut staff if rates increase further.
- Two-thirds would pass costs onto consumers, fuelling inflationary pressures.
- A third would reduce investment or close sites altogether.

Higher rates in flagship destinations not only make UK shopping less competitive compared to international rivals, but also risk triggering a cycle of declining investment, rising vacancies, and weakened local economies - hitting the most productive centres of growth hardest. When anchor stores are forced to scale back or close, the impact is magnified: they draw the footfall that sustains smaller retailers, hospitality, and cultural venues. Their loss can destabilise entire high street ecosystems, accelerating decline across once-thriving destinations.

Our ask to Government: To avoid these damaging consequences and create a fairer, pro-growth system, HSUK is calling on Government to:

- **Exempt retail, hospitality and leisure businesses from the proposed higher multiplier, recognising their role as economic anchors and major employers.**
- **Freeze any increase in the higher multiplier until at least 2027/28, providing certainty through the next revaluation period.**
- **Fix multipliers between revaluations rather than uprating annually with CPI, breaking the cycle of inflationary fiscal drag.**
- **Raise the higher-rate threshold in 2026 to avoid fiscal drag pulling more properties into the higher band.**
- **Extend Empty Property Relief from 3 to 6 months, followed by a 50% discount thereafter, including for listed buildings, to support reinvestment and reduce vacancy.**
- **Provide transitional relief for businesses entering the higher band post-2026, ensuring they have time to adjust.**
- **Ring-fence and retain a portion of higher rate revenues locally, with clear transparency on how they are reinvested in the flagship high streets that generate them.**
- **Undertake a full, long-term impact assessment of multiplier increases on jobs, investment, and competitiveness, including capturing commercial property types not currently within the rates system.**

With these changes, business rates can shift from being a drag on growth to a modern, pro-investment tax, supporting vibrant high streets, sustaining jobs, and securing the long-term vitality of the UK's most economically significant city centres.

Crime and Safer High Streets

Rising levels of crime and anti-social behaviour now represent one of the most urgent challenges facing high streets. Retailers report record levels of shoplifting, increased violence against staff, and growing levels of organised criminal activity targeting high-footfall destinations. The British Retail Consortium estimates losses of £2 billion annually from theft alone, with escalating threats to staff safety compounding the problem. This is not simply a question of safety, but one of economic competitiveness. Crime increases costs, undermines

staff wellbeing, deters visitors, damages consumer confidence, and threatens the UK's reputation as a safe and attractive place to invest.

Flagship high streets are economic engines, cultural destinations and anchors for their communities. Yet without targeted, sustained interventions, the current systems of policing, reporting and justice are not equipped to deal with the scale, complexity and organised nature of modern high street crime. At HSUK's Safer High Streets Forum in June 2025, members shared their frontline experience of tackling international criminal gangs, prolific offenders and persistent anti-social behaviour. The clear conclusion was that the current model — characterised by fragmented reporting systems, stretched policing resources, and slow criminal justice processes — is no longer fit for purpose.

While recent Government commitments on retail crime are welcome — including making assaulting a retail worker a standalone offence and reprioritising shoplifting — these measures alone will not deliver the comprehensive, pan-national response required. Organised criminal groups operate across borough and regional boundaries. Prolific offenders are repeatedly breaching Criminal Behaviour Orders with limited consequences. Businesses report frustration at inconsistent crime reporting systems, under-reporting driven by lack of follow-up, and the absence of clear data sharing between the public and private sector. At the same time, high street policing teams remain under significant resource pressure, with abstractions to other priorities undermining visible presence and response times.

Our Four-Point Policy Proposal

HSUK has set out a comprehensive four-point policy proposal to tackle these challenges head-on and restore confidence to Britain's high streets:

1. **Ringfenced Policing Uplift for Flagship High Streets**

Provide a dedicated policing uplift for flagship high streets, reflecting their economic importance and unique operational pressures. Funding should be ringfenced, with success measured by bespoke metrics that recognise business crime as a strategic priority, separate from city-wide figures. High streets that are critical drivers of economic growth, tourism and community activity must have dedicated resources to match.

2. **Criminal Justice System Reform**

Develop a clear plan for criminal justice reform to ensure that legislative changes — including removal of the £200 threshold for shoplifting and the new offence of assaulting a retail worker — are swiftly and consistently enforced. Strengthen provisions around Criminal Behaviour Orders so that breaches automatically trigger custodial sentences, creating a genuine deterrent. Encourage the targeted use of live facial recognition technology to identify and prevent crimes committed by known repeat offenders.

3. **A Coordinated National Strategy on Organised Crime**

Develop and implement a multi-agency national strategy to disrupt and dismantle organised crime groups operating on high streets. This should include activity by international networks using tactics such as organised rough sleeping, begging and anti-social behaviour alongside retail crime. A joined-up approach across policing, local authorities and national agencies is essential to address these complex and cross-border issues.

4. **Standardised National Business Crime Reporting Framework**

Pilot a nationwide, standardised reporting framework for business crime, leveraging the Business Improvement District (BID) infrastructure present in flagship high street locations. A consistent

framework would improve intelligence flows, increase reporting levels, and provide a reliable evidence base to inform local and national policing priorities. This is particularly important for businesses with multiple sites across the UK, who currently face a patchwork of reporting systems.

Our ask to Government: To deliver safer, more resilient high streets, Government must match its rhetoric with meaningful reform. HSUK is calling on Government to:

- **Provide ringfenced policing uplift for flagship high streets, reflecting their national economic significance.**
- **Reform the criminal justice system to ensure swift enforcement of retail crime legislation and effective deterrents for prolific offenders.**
- **Develop a coordinated, national multi-agency strategy to tackle organised criminal networks operating across high streets.**
- **Standardise business crime reporting nationally, improving intelligence and accountability.**

Taken together, these measures would restore safety, confidence and competitiveness to Britain's high streets. They would also provide the basis for a modern, intelligence-led policing and justice framework that supports business growth, protects staff, and ensures that the UK's most economically productive destinations remain secure, welcoming and internationally competitive.

VAT-Free Shopping

The absence of VAT-free shopping is damaging high streets and visitor economies across the entire UK. The removal of the historic international tax-free shopping scheme has already had a severe economic impact: London's West End alone lost £310 million in retail sales in the first half of 2025, up from £220 million in the same period last year - the largest half-year loss since the policy was scrapped. Cumulatively, this represents almost £1.4 billion in unrealised sales since 2023.

This is not simply a London issue. Similar stories are playing out in major flagship cities and regional centres across the country, as well as in destinations that rely heavily on international visitors.

The UK is now the only major European economy not to offer VAT rebates, placing British businesses at a structural disadvantage. While spending by non-EU visitors in competitor markets has surged to 166% of 2019 levels in Spain, 159% in France and 137% in Italy, the UK remains stuck at just 75%. High-spending visitors who might once have chosen the UK now divert to Paris, Milan or Madrid, with cascading consequences for the entire visitor economy ecosystem: hotels lose bookings, restaurants see fewer covers, cultural venues attract fewer audiences, and manufacturing and logistics supply chains feel the slowdown. For heritage and luxury brands based in regions like Scotland and the North of England, this also removes a vital route to market for global consumers, undermining exports and future growth.

HSUK members are clear: this is not about reviving an outdated tax break. It is about designing a modern, fully digital VAT-free shopping scheme that is fraud-resistant, future-proof and delivers higher tax revenues for the Treasury at a time of rising costs and economic uncertainty. Including EU visitors in such a scheme would unlock billions of pounds of additional spending nationwide, support jobs and sustain investment in high streets.

The benefits would be truly nationwide. From London to Edinburgh, Manchester to Birmingham, Liverpool to Leeds, and across regional towns, and cultural centres, a digital VAT-free scheme would:

- Increase visitor numbers and length of stay across the UK;
- Encourage higher spending across multiple sectors, from retail to culture;
- Support supply chains and UK manufacturing;
- Safeguard and create thousands of jobs; and
- Strengthen the UK's global competitiveness as a retail and tourism destination.
- Deliver additional tax revenue to the treasury

Our ask to Government: HSUK is calling on Government to work with business to co-design a modern, secure, digital VAT-free shopping scheme that attracts international visitors, boosts the visitor economy and delivers an overall fiscal benefit to the Treasury.

This is a nationwide growth measure. By restoring the UK's competitiveness and unlocking spending in every part of the country, it would provide major relief to businesses, support jobs and supply chains, and cement Britain's reputation as a world-class tourism destination.

Overnight Visitor Levies

Overnight visitor levies are increasingly a feature of international tourism markets and are beginning to be introduced across the UK. Edinburgh and Aberdeen are progressing with new levy schemes, Wales has legislated to give local authorities the power to introduce them, and Accommodation BIDs already operate levy-style arrangements in Manchester and Liverpool.

If well designed, overnight visitor levies can provide sustainable, locally ring-fenced funding for visitor infrastructure and services, supporting regeneration, culture, safety, and improvements that enhance the visitor experience. However, poorly designed levies risk deterring visitors, placing new administrative burdens on businesses, and duplicating existing structures, at a time when the tourism and hospitality sector is still recovering.

Fresh research conducted for HSUK shows that cost remains the most important factor for domestic visitors when choosing a UK short break, while almost half of tourists remain unaware of the existence of levies. Awareness is particularly low among domestic travellers, with nearly 50% saying they did not know the charge would apply to them. However, the same research found that public support for levies rises significantly when revenues are ring-fenced, transparently reported, and visibly reinvested locally. Almost as many respondents favoured reinvesting the funds into high street regeneration and support for small businesses (23%) as tackling social issues (25%), underlining the importance of visible, accountable impact.

At HSUK's Tourism Forum in Edinburgh, business and industry leaders from across the UK's flagship high streets agreed that businesses must have a direct voice in the design and rollout of any levy to ensure it is proportionate, transparent, and aligned with wider visitor economy strategies. HSUK also warned against introducing levies in areas already covered by Accommodation BIDs, which already contribute significant funding locally.

Our ask to government: Where overnight visitor levies are introduced, HSUK members would want to work closely with policymakers to ensure the scheme is designed in a way that avoids unintended consequences. In particular, any levy should:

- **Be ring-fenced locally – ensuring additional revenues are reinvested directly into the places that generate the levy and funding for local priorities.**
- **Be co-designed with businesses, giving tourism and hospitality operators a direct voice in how funds are spent.**
- **Be transparent and accountable, with clear public reporting on spending and outcomes, shaped in part by input from HSUK and local stakeholders.**
- **Be targeted at improving the visitor experience, from safety and cultural programming to high street regeneration and visible social challenges.**
- **Not duplicate existing structures — levies should not be introduced in areas already covered by an Accommodation BID.**
- **Be affordable and proportionate, ensuring that costs do not discourage visitors or undermine competitiveness.**
- **Be operationally simple, designed to be straightforward and cost-effective for hotels and accommodation providers to administer.**
- **Be aligned with a national and local visitor economy strategy, ensuring any levy supports wider tourism objectives rather than being developed in isolation.**

Conclusion

The UK's flagship high streets are national assets. They generate billions in economic value, sustain jobs in every region, attract millions of visitors, and project Britain's global reputation. But without targeted, practical reforms, these places risk being held back by rising costs, crime, and a loss of competitiveness on the international stage.

This Autumn Budget provides a critical opportunity for Government to act decisively. By tackling the three pillars of reform - business rates, crime, and tourism competitiveness - Government can create the conditions for growth, investment and renewed confidence in the UK's most productive high streets.

The prize is significant: thriving urban centres that drive regional regeneration, support good jobs, strengthen the visitor economy, and ensure that Britain remains a world-leading retail and cultural destination.

HSUK and its members stand ready to work in close partnership with Government to deliver these reforms. With the right decisions now, we can secure the future of Britain's flagship high streets as vibrant, competitive and safe places — at the heart of a strong, resilient national economy.