

The Rt Hon Jeremy Hunt MP,
Chancellor of the Exchequer,
HM Treasury,
1 Horse Guards Road,
London,
SW1A 2HQ

1 March 2024

Dear Chancellor,

Act now to support communities by reducing the 2024 business rates increase

We are writing to you as the representative organisations for the retail, hospitality and leisure and pub and brewery industries to encourage you to take action to support our industries at the Spring Budget by reducing the figure by which business rates will rise this April from September 2023's Consumer Price Index (CPI), to April 2024's CPI (based on the Bank of England Q2 forecast – currently 2.0%).

April's rates rise should be based on April 2024 CPI, rather than the level from seven months prior, when global cost pressures were still keeping inflation high. This would keep our business rates contributions in line with current changing prices, rather than introducing an inflationary rise. It would support our industries as they seek to drive greater investment in villages, towns and cities all over the country.

The business rates measures announced at last year's Autumn Statement were welcome, and the system has been improved through recent changes to transitional relief and more frequent valuation of property. However, the level of the tax – determined by the multiplier – was left untouched by the recent Treasury review and the Autumn Statement's measures.

As a result, our industries face a significant uplift to their rates bills, which will add around £740m to our industries' costs. This will come at a time when many businesses are grappling with other cost pressures, including global supply chain disruption, new border controls and high commodity prices.

The businesses we represent play an integral part in all our communities. They employ over 6.5 million people and invest over £25 billion annually. They want to go further, faster. To invest more in driving productivity and economic growth across the country. But their ambitions are constrained by the huge burden the business rates system places on them.

Because annual rises are baked into the system, the tax rate has increased by 50% since its introduction – something not seen with any other tax. We all agree that this has had a deleterious effect on our communities: the loss of over 26,000 shops, pubs and brewers and hospitality and leisure venues in the last five years bears testament to this.

We are sure that you will agree that our communities would be economically and socially poorer without the manifold businesses we represent.

Our industries want to meet their full potential in supporting our communities through investment and jobs right across the country. We urge you to let them do so by rebasing April's business rates increase to the CPI in April 2024.

Yours sincerely,

James Lowman
Chief Executive
Association of Convenience
Stores

Emma McClarkin OBE
Chief Executive
British Beer and Pub
Association

Andrew Goodacre
CEO
British Independent Retailers
Association

Helen Dickinson
Chief Executive
British Retail Consortium

Kate Nicholls
CEO
UKHospitality