

# Business Rates Retention Reform Response

February 2019

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## About us

Collectively, we represent each of the Business Improvement Districts (BIDs) in the City of Westminster through our eight constituent organisations:

- Baker Street Quarter Partnership
- Heart of London Business Alliance
- Marble Arch Partnership
- New West End Company
- The Northbank
- PaddingtonNow
- Victoria BID
- Victoria Westminster BID

On behalf of our members, we are providing a joint response to the consultation on Business Rates Retention Reform, to express that we support the overall principle of business rate retention.

## Our response

We have campaigned alongside Westminster City Council (WCC) for many years for a greater fairness within the business rates system. Business rates are currently the biggest issue facing our businesses. The 2017 rise in rates left Westminster business facing up to 80% increases in rates whilst revenue has only increased 30% over the same period. This has occurred during a time of increased pressure from online retail and international competition.

In this context, where businesses are paying a large amount into the local economy, it seems only fair that those funds are reinvested back into the local area for the benefit of the local residents and businesses.

We fully support the Government's programme for local authorities to retain more of the rates that they pay and believe that this should go further, with those areas which contribute most to local and national growth retaining more of the money they contribute. However, we are disappointed to see that the Government has moved away from the pilot for 100% business rate increase retention policy which had previously been pursued, instead replacing it with a 50% business rate increase pilot. We would be interested to see the results from the initial 100% rates increase retention pilot, and to understand why the government has moved away from this policy. We believe that the

greater retention of rates leads to greater investment in the local economy which in turn increases rates, boosting local returns and the national exchequer, allowing more funds to be dispersed to other authorities in the country.

Westminster is the preeminent business destination in the world and we want to support our businesses to grow and continue to provide a world class service and generate jobs. Greater investment of business rates at a local level will enhance this growth and support the national economy. To ensure this virtuous circle, we believe that as part of this retention of rates it is vital for future growth that local authorities should be advised to ensure that a proportion of any retained growth is invested back into those areas that produce the growth.

Through retaining and reinvesting rates, the local economy in Westminster and the national exchequer will both see growth. We would encourage the Government to go further in the retention of business rates.