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Mr Bob Neill
Parliamentary Under Secretary of State
Communities and Local Government
Eland House
Bressenden Place
London
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18 October 2011

Dear Minister,

Given the prolonged slow down in the consumer economy we are once again writing to you to request that you use your power, as set out in the Local Government Act 1988, to set the Uniform Business Rate (UBR) multiplier for 2012/2013 at a lower rate than the Retail Price Index (RPI) rate of inflation.

As you are aware next year's UBR is set taking into account the RPI inflation rate at September 2011. Last month's RPI of 5.6% was once again far in excess of Government's target rate and as such the burden on the retail sector next year will be significant, coming at a time when retailers, who's businesses survive on very low margins, are feeling the combined pressure of the January 2011 VAT increase, falling consumer disposable income, low levels of bank lending and weak consumer confidence.

As you know, retailers are intensive users of property, accounting for roughly 25% of all business rates paid to government – a contribution of around £6 billion per annum – and in comparison to other countries such as the US and Australia, business rates in the UK already account for a greater proportion of the retailers' occupancy costs.

The review of the health of UK high streets, commissioned by the Prime Minister and led by Mary Portas, is identifying the level of business rates as both a deterrent to investment in and a disincentive to occupy physical shops, with many retailers focussing their growth strategies online and even abroad. But whilst Government has committed to alleviating cost pressures on residents our view is that it's arguably more important to do so for business occupiers, as high levels of UBR affects retailers' expansion plans which will ultimately lead to job losses as they look to further cut operating costs.

The impact of increasing business rates is not just felt by occupiers. It constrains the ability of developers to deliver town centre regeneration schemes. The feasibility of any retail development is dependent upon achieving acceptable levels of rental income for the schemes. However, as occupiers' business rates liability continues to increase, a greater share of occupancy costs will be absorbed by rates, eroding potential rental values and therefore the viability of proposed developments.

We recognise the pressure Government is under to reduce the size of the public deficit. However we strongly believe that a profitable retail sector should be seen as an engine of future economic growth and therefore deficit reduction. For the sector to play this role it

needs to be supported by the right fiscal and regulatory framework otherwise, with increasing operating costs and dwindling margins, retail growth will be inhibited.

We are therefore keen to discuss with you alternative options for setting the UBR, including the possibility of freezing any increase for 2012/2013, at the earliest opportunity.

I am copying this letter to David Gauke MP, Exchequer Secretary to the Treasury and Mark Prisk MP, Minister of State for Business and Enterprise.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Akers', written in a cursive style.

Richard Akers
BCSC President
Managing Director, Land Securities