



Reforming business rates

Proposals for reform by the British
Independent Retailers Association

May 2015

Reforming business rates

- **I am announcing a full review of the structure of business rates and I urge all business groups to engage with us.** ●

**Chancellor George Osborne
Autumn Statement Speech, 2nd December 2014**

Proposals for reform by the British Independent Retailers Association (bira)

May 2015

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Introduction

Business rates have existed since the reign of the first Queen Elizabeth, but more recently the uniform business rate introduced in 1990 has put bricks and mortar retail at a disadvantage when compared to other forms of retail. These taxes are causing the high street, particularly independent retailers, to carry an unfair tax burden which is a major contribution to the problems on the high street. This is something bira has been campaigning on from the outset. This tax disproportionately hits those businesses that are dependent on physical property. Coupled with its counter-cyclical nature, and with governments of all colours apparently wedded to retaining the amount of tax taken from the high street, it has been a major cause of demise in that area.

There now seems to be an acceptance that something needs to be done to protect our high streets and ensure that they are given a fair chance to compete. This is why bira has produced this report, both to show the unfairness of the existing system and to put forward some innovative solutions to help rectify the situation. We need our high streets, they are the backbone of our society; they encourage innovation, choice and customer service. Let's work to keep them vibrant.

Alan Hawkins
Chief Executive Officer, bira

Executive summary

Business rates support local government but the retail sector bears a disproportionate burden of the cost.

Changes within retail since the inception of the Uniform Business Rate in 1990 have progressively put bricks-and-mortar retail at a greater and greater disadvantage with emerging forms of retail and small shops at an even greater disadvantage than store-based retail in general.

Disproportionately distributed taxes weigh on the ability of those burdened, to compete. Disproportionate taxes can distort markets and taxes that are out of step with the markets on which they are levied can drive change in ways that were not intended by their architects.

The system by which rates are currently valued and levied was designed for the world of 1990, but is increasingly out of step with the relatively lower property costs of big new stores and even more so with those of non-store retailers – yet they all compete for the same consumer spend.

New research shows that smaller shops in town locations bear a disproportionate burden from valuation onwards. Government has implicitly recognised this with a series of temporary reliefs and discounts. Large retailers in town and out of town pay rates on a valuations which rate the space they trade from at a half or less per square metre than small shops in town, while non-store online-only retailers are rated at less than one-eighth the valuation per square metre than the small shops.

The delayed revaluation is now underway and revised valuations will come into force in 2017. There is a two-year window to establish a permanent system which helps rates operate as a progressive tax, removing an unfair burden from small shops, yet which retains the basic link with property – because somewhere along the line, even if only a little, all property retailing involves property at some point.

bira proposes a ten point plan of simple-to-institute and practical measures:

- 1) Sweep away the current temporary clutch of retail reliefs, rates and rebates and replace with a permanent threshold exempting a proportion of the rateable value for all retail properties from rates payable, removing 80% of shops from paying business rates.
- 2) Apply business rates only to the sum above the new minimum threshold.
- 3) Allow changes in liability resulting from the revaluation to take effect immediately.
- 4) Extend rate relief for new occupiers of empty shops from 50% to 100% for a year to stimulate start-ups and create new jobs.
- 5) Extend the period for which a property remains empty before it qualifies for further empty rates relief to a year.
- 6) Review all current discounts and exemptions to rates which favour particular sub-sectors.
- 7) Remove the Retail Prices Index as a mechanism for increasing rates on an annual basis, reviewing alternative means such as an annual index of rents.
- 8) Increase the frequency of revaluations to better align the tax to market conditions.
- 9) Treat countercyclical effects on income across the economic cycle.
- 10) Immediately begin a long term review to consider more fundamental reforms.

Public concern

Public concern at the rising tide of boarded up shops hit a high in 2011 when the Local Data Company (LDC) shop vacancy rate hit 14.6% - one in seven shops¹. Pre 2007 it had hovered around 5%. bira first identified property taxes (rates) as one of its “Three Ps” affecting town centre retailers: the others were Planning and Parking. In the same year the government asked Mary Portas to investigate and propose solutions, resulting in the Portas Review. Subsequently it established the Future High Streets Forum, of which Mary Portas is a member, and this issued a number of reports in 2014 and 2015. Former retailer Bill Grimsey and a group of researchers published their own independent report in 2013. The Womens’ Institute demonstrated how widespread concern on this issue ran when it adopted saving the high street as a campaign in the same year. In 2014 hundreds of local newspapers across the country joined in a campaign to call for a freeze on increase in rates for 2015.

In December last year the Chancellor, George Osborne, announced a structural review of the system. bira committed to contributing to the review in May 2015, bringing the research contained in this document to the attention of the Treasury.

The LDC shop vacancy rate remained above 14% until 2014, falling to 13% in April 2015, still more than two and a half times the pre-crash level. Nearly 50,000 shops still lay empty in spring 2015. The vacancy rate has not kept pace with any recovery indicated by the measures of Gross Domestic Product (GDP). Indeed, while the country has not been in recession, technically, since 2009, the state of our town centres reflects a very different picture.

The issues

Retailers now no longer need shops in order to trade. The trend is away from the reliance on property in business, particularly in retail, where non-location based trading accounts for an increasingly large proportion of business. ONS figures show that the proportion of all retail sales made online has risen from 8.3% in 2011 to 11.2% in 2014, 48% of online sales being made via outlets which have no stores at all. The impact of this is uneven and affects independents and multiples differently: The UK retail market can be divided between food and non-food sales, each contributing roughly half of the total, but online sales in the non-food half are more than twice as high as in the food half with food shops accounting for 15p in every pound spent online, non-food shops accounting for 37p and 48p of sales made via non-store operations. The bulk of independents, two out of every three shops are in the non-food half: food sales sustain 64,928 shops while non-food shops total 147,3782.

The retail vacancy rate among 374,206 retail units calculated by the Local Data Company (LDC), 13% in April 2015³, remains stubbornly more than two and a half times the pre-2009 level, with the economic recovery since then only reducing it by 1.4% in four years. Within the overall figures LDC have demonstrated a shift in 2014 alone away from shopping centres and town centres (1% each) towards out-of-town centres (2.5%) and the ONS has reflected the continued move online (above). This is a long-term, structural change, much more than a cyclical fluctuation.

The same picture is drawn by the results of regular footfall monitoring by Springboard reported in collaboration with the British Retail Consortium (BRC): a consistent ebbing of footfall from towns and shopping centres and a matching rise at out-of-town centres⁴.

1 LDC Vacancy Reports 2011-2015 and live LDC database.

2 LDC live data 5/5/2015

3 LDC release 8/5/2015 “Britain’s shop vacancy remains at 13.0% in April”

4 BRC Footfall and Vacancies monitor series: www.brc.org.uk/brc_footfall_and_vacancies_monitor.asp

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Figures produced each year, starting in 2011, by LDC and bira⁵ show that the small net improvement in vacancy has come from openings of independents, with chain stores closing more stores than they opened each year since 2009. Independents have opened more than they have closed each year since 2009, but net growth is faltering, from 3,949 in 2010 to 346 in 2014. Both are expected to turn negative in 2015. These new shops tend also to be smaller than the multiples whose numbers they have been replacing.

Buildings and people go together, not so retail. Within retail there is a visible shift in the LDC/bira Openings & Closings statistics away from Comparison (product) shops towards Service and Leisure operators: put crudely, haircuts and meals are best delivered in person and on-site, packages can be delivered by van. The underlying structure of the shift explains why the net gain in the number of independents has nearly disappeared (down from 3,949 in 2010 to 346 in 2014): in 2014 net openings in 500 towns of 15,762 shops was nearly matched by net closures of 15,416 and within those totals there was a net loss of 441 Comparison (product) independents, a gain of 446 Service operators, a gain of 160 Convenience (food) and a gain of 181 Leisure outlets (such as cafes).

For multiples, other research by LDC for PwC shows, chains showed a net loss in each of the four retailing subsectors with the exception of Leisure, where there was a small net gain of food outlets.

The fortunes of small shops should be, in the opinion of bira, the core focus of the review: the recent gains are of small retailers, so the potential for economic growth lies there and the initial impetus for public concern about the high street was, as it remains, the travails of independent shops on the high street, rather than chain stores, shopping centres or retail parks out of town.

5 bira/LDC Openings & Closings series: www.bira.co.uk/news/an-everyday-story-of-life-and-death-on-the-high-street

Business rate facts

Business Rates are taxes levied upon non-domestic properties. The measure of liability is 'Rateable Value' – which is an estimate of what rental a property would have let at an “ante-cedent”, common, date.

The tax is levied as a proportion (the multiplier) of the rateable value. In 2015/2016 the multiplier for large properties is 49.3 pence and the multiplier for small properties is 48p.

The Rating Lists (Valuation Date) (England) Order has confirmed there would be a revaluation of non-domestic properties in England and Wales effective from 2017. The antecedent valuation date was set at 1st April 2015.

- There are 1,873,000 non domestic properties in England and Wales.
- The total Rateable Value of these properties is £61.667 billion.
- The average Rateable Value is £32,924.
- 80% of premises have a rateable value below £25,000.
- Around 26% of non-domestic properties are shops
- Total rateable value of these shops is £13,536 billion.
- The average rateable value of shop premises in England and Wales is £27,290.⁶

Rate Reliefs

Occupiers of smaller premises can qualify for small business relief.

Rateable Value	Relief Available
• Below £6,000	100%
• £6,001-£12,000	Tapered from 0 to 100%
• 12,000-£17,999 (£25,999 London)	Small business multiplier applies

The current small business relief scheme is scheduled to expire in April 2016.

Percentage of Properties by Type Qualifying for Small Business Reliefs⁷

RV = Rateable value

Description	RV 0 - £6,000	RV £6,000 - £12,000	RV £12,000 - £17,999	RV £12,000 - £17,999 (£25,499 London)	RV - £18,000 +	Totals
Shops	38%	26%	8%	3%	25%	100%
Offices	44%	19%	7%	4%	26%	100%
Warehouses	50%	16%	8%	1%	25%	100%
Factories	45%	23%	9%	1%	22%	100%

Small retail businesses receive the lowest proportion of rate exemption of any group in the £0 to £6,000 band.

Other reliefs

There are two further rate relief schemes available to the retail sector.

Retail Discount

Qualifying retail and leisure properties with a rateable value of less than £50,000 can receive a £1,500 discount on their 2015/2016 bill.

Retailers must apply for relief from local councils. Relief is available at the discretion of councils, but local councils can reclaim the full costs.

Re-occupied Retail Relief.

Ratepayers moving into retail premises which have been empty for a period of one year between 1st April 2014 and 31st March 2016 will receive 50% relief.

⁶ Jones Lang LaSalle research for bira March 2014

⁷ Jones Lang LaSalle research for bira March 2014

Retail at a disadvantage

Retail is disadvantaged in comparison with other sectors of the economy

The sector accounts for around 5.7% of UK GDP, but retailers pay 25% of business rates.⁸ Small shops receive the lowest proportion of rate exemption in the £0 to £6,000 band (38%, with Offices at 44%, Warehouses at 50% and Factories at 45%). bira argues for a significant increase in this lower band as the new shops that are being opened, creating employment, are on the whole smaller than their more established counterparts.

In comparison to the Gross Value Added (GVA, a better measure of economic value than space occupied) of other sectors Retail is heavily overtaxed: figures from the BRC and EY (2014) show that with 5.7% GVA Retail bears 22.6% of all business rates, while manufacturing at 10.3% GVA bears 17.9% and yet Finance, Insurance, Professional, Scientific and Technical activities have a sector GVA of 16.6% and bear just 13.6% of total business rates.

Property based retail is disadvantaged in comparison with non-store retail

Research detailed below shows that there is a built-in valuation bias against property based retail which has developed in the 25 years since the current system was implemented. For every £1 of rateable value per square metre of selling space for the independent, the in-town multiple pays 41p and the edge-of/out-of-town retailer pays 52p while the “warehouses” (really retail fulfilment centres - ie shops) from which non-store internet retailers operate pay 16.2p, as evidenced by new research from bira/Jones Lang LaSalle.

Location	Type of Retailer	Rate cost per m2
National	High Street Operator	£1
South Wales	On line book retailer	16.2p
West Midlands	On line food retailer	14.1p
North	On line clothing retailer	7.0p

8 Jones Lang LaSalle report for bira 2014-2015

Small shops are disadvantaged against both larger stores in-town and out-of-town retail

The same research demonstrates how far the current system has distorted in the 25 years since the beginning of UBR. The valuation system compares like with like, so it will compare a superstore with a superstore but not a superstore with a small convenience store right next door and the basis of valuation will differ between small shops and large. The result is that the valuation system is cementing increasingly unsustainable differences in rateable values.

A detailed comparison of Valuation Office Agency (VOA) data was made for bira by Jones Lang LaSalle for rateable values per square metre of selling space for 150 locations in a controlled set of towns each of which contained:

- a town centre independent hardware/housewares shop
- an in-town hardware/housewares multiple
- and
- an out-of/edge-of town hardware/housewares multiple.

The comparison was based upon appropriate rate poundage but excluding other reliefs. All the In Town Large Retailer examples are from one particular business and all the Out of Town DIY examples are from a single, different, business. This triad was examined in each of exactly 50 towns spread evenly across ten regions of England and Wales. The aim was to ensure that the data reflected like-for-like relationships across the sample.

Region	High Street Operator	In Town Large Retailer	Out of Town DIY
East Anglia	£1	56p	72p
South East	£1	38p	53p
West Midlands	£1	36p	65p
East Midlands	£1	45p	47p
North East	£1	39p	36p
North West	£1	23p	25p
London	£1	30p	45p
South	£1	36p	55p
South Wales	£1	44p	54p
South West	£1	63p	65p

In every region small high street shops are rated at the highest valuation per square metre of space within the retail market.

There are naturally variations from town to town but the completely consistent story is that (in 49 of 50 cases) the independent has a rateable value per square metre higher than either of the multiples and that on average for every £1 of rateable value per square metre of selling space for the independent, the in-town multiple pays 41p and the edge-of/out-of-town retailer pays 52p.

This is compounded by the impact of valuation by retail “zones”, with the first 6.1 metres of a shop being valued as Zone A Prime Retail as independents tend to occupy much smaller areas than multiples, while newer, large multiple stores tend to be rated on simpler, non-zoned area valuations.

To give the comparison of small in comparison to large its full context the “warehouses” from which three non-store internet retailers operate pay 16.2p (online book retailer, South Wales), 14.1p (online food retailer, West Midlands) and 7p (online clothing retailer, Northern England).

Property costs represent a sizeable portion of the cost base of a retailer and hold key importance in its profitability, which in the longer run determines sustainability. bira members work on gross margins around 40%⁹ as for other retailers, and other bira research shows that rent and business rates account for approximately 9% and 4.5% of gross turnover respectively or more than a third of gross margin¹⁰. Net profitability of retail, according to BRC figures, is around the 3% mark, so rising business rates hit the bottom lines of shops directly – and very hard. This is one key element of the cost structure, though, that does not vary with turnover and indeed the multiplier ensures that it only every goes up.

The evidence that small shops, because of historically conditioned distortions in valuations are impacted at twice the rate of their bigger competitors and much more than their online equivalents shows that both the valuation system and the way in which the tax is subsequently levied on those valuations bears increasingly unfairly on the smallest players in the retail market. The assumption implicit in the system that rateable values reflect turnover and profitability no longer holds good and so tax policy founded upon this penalises certain sectors of the market and helps drive change.

It is no coincidence that the several temporary reliefs available are targeted towards this sector of the market – government knows where the problem lies, even if it does not necessarily understand why the problem exists.

The historic shifts beneath the surface of this market also imply that in moving from high to low rated space retail may not contribute to the rating “take” as fully as government might like: if all retail were to move online and operate from warehouses then the Treasury would miss out on the biggest growth area in UK retail. Indeed this evidence suggests that it already is missing out.

9 bira/Wolters-Kluwer sales data from bira wages survey 2014

10 bira quarterly sales monitor 2014

The bira ten point plan for reform of business rates

1) Sweep away the current temporary clutch of retail reliefs, rates and rebates and introduce a permanent threshold exempting a proportion of the rateable value for all retail properties from rates payable, removing 80% of shops from paying business rates¹¹.

Those properties with a rates valuation below £25,000 account for only 18.1% of total RV and a rates payable below 9%, close to 6%, because of the reliefs in place, but amount to four out of five properties.

The temporary measures put in place and added to over the past few years have correctly identified the problem area. Indeed the £1,500 discount in force in 2015 extends recognition of the subsector to rateable values up to £50,000 for retail operations, while the average shop has a rateable value of half that.

2) Apply business rates only to the sum above the new minimum threshold.

This makes the tax more progressive and avoids “cliff” effects where at a certain point the charge suddenly begins to apply to the whole. Maintaining the overall “take” from rates will, this implies, involve a higher multiplier for the amount above the minimum threshold, so where this is set will be the subject of very careful calculation. bira has shown how this can be modelled at RV thresholds of £12,000, £18,000 and £24,000. The association is keen to investigate the ramifications of the different levels with the Treasury.

3) Allow changes in liability resulting from the revaluation to take effect immediately.

Transitional reliefs spread the good and bad effects of changes across extended periods. Under the bira proposal the beneficial effects would be available in full, immediately.

4) Extend rate relief for new occupiers of empty shops from 50% to 100% for a year to stimulate start-ups and create new jobs.

The first year in the life of a new retailer is the most critical. Rates hold a key position and value in the cost structure. Targeting full relief here for a full year of trading will help get more new businesses established and more vacant shops reoccupied.

5) Extend the period for which a property remains empty before it qualifies for further empty rates relief to a year, avoiding any possible manipulation and minimising losses to the treasury from empty business rate relief.

Properties qualify for empty property rate relief after a short period of reoccupation. The policy should encourage re-occupation while not encouraging short occupation.

11 HM Treasury rates review briefing document: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413070/business_rates_review_final.pdf

6) Review all current discounts and exemptions to rates which favour particular subsectors.

Past policies have created differential rates within, let alone between, sectors. So some businesses pay more than their fair share while others benefit from lower tax costs: this distorts the market in the same way that the current valuation basis distorts it.

7) Remove the Retail Prices Index as a mechanism for increasing rates on an annual basis, reviewing alternative means such as an annual index of rents.

RPI is no longer even recognised as a national statistic but remains to haunt retail as the index to crank up rates payments each year – and the current cap is above even the current level of that index. If rates are supposed to be related to commercial rents then indexes which track rents make more logical partners. The association suggests that government should look far ahead with this, beyond the current review and seek to find a long term replacement closely aligned to the reality of the future of property based business.

8) Increase the frequency of revaluations to better align the tax to market conditions.

Five years is a long time in the life of the economy and retailers are being penalised by rates based rentals at pre-crash highs at an antecedent date in 2008, more so because the delayed 2015 revaluation has stretched the pain across seven rather than five years. bira and other bodies argued in responses to the 2014 Treasury review of the administration of business rates that simplifying the revaluation process for the great majority of properties, which yield only a small element of the tax take, would enable authorities to revalue the more valuable properties more frequently, keeping the tax in tune with the economic activity from which it is extracted.

9) Treat countercyclical effects on income across economic cycles.

Rates suit government because income is maintained whatever the state of the underlying economy and the Treasury insists on fiscal neutrality at all times – even when this means bearing down on tax paying businesses that are struggling with economic conditions. Instead bira would prefer to see a more flexible view in place that ensures the tax take across economic cycles rather than at every point during each cycle.

10) Immediately begin a long term review to consider more fundamental restructuring.

It can take many years to change a tax such as business rates. While the bira proposals can be applied immediately, or at least in 2017 when the new valuations start to apply, the Treasury should start looking beyond that point, to how businesses should be taxed in the 2020s. As property takes a smaller and smaller part in the economy of a digital world the need to gear tax to the real economic activity that supports it will become ever more pressing.

Conclusion

Times change. Taxes need to change with them. The research that bira has brought to the debate about business rates exposes the tectonic shifts in the property element of business that have occurred in the 25 years since the current rating system came into force.

Government has been demonstrating for several years, with its numerous temporary actions and support systems, that it understands that rates fall unfairly on a few subsectors, particularly small shops - an area of concern for consumers in every town and city in the county. bira is calling for permanent, fundamental change, to embed improvements in the way the system works in order to establish certainty for the hundreds of thousands of small businesses that otherwise face a more and more difficult future with tax costs consuming the profitability which, in the long term, is what keeps businesses in business.

The changes which need to be made can be made now. But bira also believes that we then need to look beyond improving the current system to the economy of the 2020s, where property may have a far smaller place in retail but where taxation will still need to stay in tune with the increasing rate of change in business.

Appendix 1: Comparison of rateable values for different types of shop

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East Anglia

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	CB7 4LF	£16,500	£7,772	73	£106	£1
Large Hardware	CB7 4ZH	£97,500	£46,995	1,951	£24	0.23
DIY	CB8 7SX	£412,500	£198,825	4,399	£45	0.42
Independent	PE29 3DP	£31,750	£15,304	211	£73	£1
Large Hardware	PE29 3FG	£215,000	£103,630	2,708	£38	0.52
DIY	PE29 7DZ	£420,000	£202,440	3,801	£53	0.73
Independent	PE1 1NA	£23,500	£11,327	178	£64	£1
Large Hardware	PE1 1TB	£302,500	£145,805	2,956	£49	0.77
DIY	PE1 2AS	£1,430,000	£689,260	14,586	£47	0.74
Independent	NR1 3LA	£22,250	£10,725	171	£63	£1
Large Hardware	NR1 3SH	£500,000	£241,000	10,839	£22	0.35
DIY	NR6 5JS	£1,380,000	£665,160	14,146	£47	0.75
Independent	IP4 1PA	£12,000	£5,712	95	£60	£1
Large Hardware	IP4 1DB	£218,000	£105,076	3,020	£35	0.58
DIY	IP1 5QP	£1,260,000	£607,320	15,074	£40	0.67

South East

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	HP1 1LA	£8,600	£4,051	29	£140	£1
Large Hardware	HP1 1DY	£255,000	£122,910	3,939	£31	0.22
DIY	HP3 9BX	£482,500	£232,565	3,360	£69	0.50
Independent	SG1 3AU	£8,500	£4,004	28	£143	£1
Large Hardware	SG1 1DN	£240,000	£115,680	2,903	£40	0.28
DIY	SG1 1XW	£1,730,000	£833,860	15,581	£54	0.37
Independent	LU1 2AF	£10,250	£4,828	27	£179	£1
Large Hardware	LU1 2TN	£370,000	£178,340	3,275	£54	0.30
DIY	LU1 3JH	£675,000	£325,350	4,130	£79	0.44
Independent	MK40 1RN	£7,700	£3,627	47	£77	£1
Large Hardware	MK40 1RY	£255,000	£122,910	3,000	£41	0.53
DIY	MK42 7GA	£850,000	£409,700	7,433	£55	0.71
Independent	HP20 1SH	£16,500	£7,772	74	£105	£1
Large Hardware	HP20 1QR	£245,000	£118,090	2,883	£41	0.39
DIY	HP20 1EA	£635,000	£306,070	4,782	£64	0.61

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West Midlands

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	DY10 2DG	£32,500	£15,665	185	£85	£1
Large Hardware	DY10 AB	£188,000	£90,616	3,414	£27	0.32
DIY	DY10 1AX	£1,060,000	£510,920	13,988	£37	0.43
Independent	B20 7QG	£10,750	£5,063	38	£133	£1
Large Hardware	B70 7QS	£57,500	£27,715	856	£32	0.24
DIY	WS10 9QY	£1,760,000	£848,320	12,410	£68	0.51
Independent	CV1 5RE	£15,750	£7,418	116	£64	£1
Large Hardware	CV4 7EH	£170,000	£81,940	2,191	£37	0.58
DIY	CV5 8BW	£910,000	£438,620	5,630	£78	1.22
Independent	B97 4JX	£27,750	£13,376	235	£57	£1
Large Hardware	B97 4EQ	£225,000	£108,450	3,106	£35	0.62
DIY	B98 7ER	£1,050,000	£506,100	13,931	£36	0.64
Independent	HR4 9AA	£31,250	£15,063	74	£204	£1
Large Hardware	HR1 2DT					0.00
DIY	HR4 9SH	£810,000	£390,420	8,332	£47	0.23

East Midlands

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	LE10 1DB	£27,250	£13,135	129	£102	£1
Large Hardware	LE10 1RU	£130,000	£62,660	2,173	£29	0.28
DIY	LE18 1PA	£292,500	£140,985	3,804	£37	0.36
Independent	LE11 1UD	£9,300	£4,380	51	£86	£1
Large Hardware	LE11 1QQ	£250,000	£120,500	3,483	£35	0.41
DIY	LE11 5XS	£950,000	£457,900	11,390	£40	0.47
Independent	NG1 6HU	£24,000	£11,568	149	£78	£1
Large Hardware	NG1 3DA	£216,000	£104,112	2,280	£46	0.59
DIY	NG2 1RU	£1,360,000	£655,520	13,404	£49	0.63
Independent	LE1 3AL	£7,000	£3,297	29	£114	£1
Large Hardware	LE1 3JA	£260,000	£125,320	3,536	£35	0.31
DIY	LE4 0BG	£860,000	£414,520	8,986	£46	0.41
Independent	NG24 7AG	£5,800	£2,732	34	£80	£1
Large Hardware	NG24 1XT	£236,000	£113,752	2,863	£40	0.50
DIY	NG24 2ET	£265,000	£127,730	4,084	£31	0.39

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North East

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	NE1 7AG	£89,500	£43,139	56	£770	£1
Large Hardware	NE1 5AQ	£540,000	£260,280	4,916	£53	0.07
DIY	NE6 4QB	£152,000	£73,264	3,719	£20	0.03
Independent	TS18 1SB	£18,750	£9,038	126	£72	£1
Large Hardware	TS18 1AQ	£236,000	£113,752	3,049	£37	0.52
DIY	TS18 2SA	£1,210,000	£583,220	14,725	£40	0.55
Independent	BD1 3HN	£10,750	£5,063	67	£76	£1
Large Hardware	BD1 3QQ	£332,500	£160,265	3,707	£43	0.57
DIY	BD3 7BQ	£515,000	£248,230	6,685	£37	0.49
Independent	HU1 2EX	£32,500	£15,665	74	£212	£1
Large Hardware	HU2 8PN	£377,500	£181,955	3,794	£48	0.23
DIY	HU7 0DJ	£830,000	£400,060	8,556	£47	0.22
Independent	DN17 4DR	£40,750	£19,642	92	£214	£1
Large Hardware	DN15 6RB	£214,000	£103,148	2,046	£50	0.24
DIY	DN15 8GR	£1,240,000	£597,680	15,648	£38	0.18

North West

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	PR1 8QU	£7,500	£3,533	45	£79	£1
Large Hardware	PR1 2EJ	£377,500	£181,955	3,854	£47	0.60
DIY	PR1 1NR	£422,500	£203,645	4,580	£44	0.57
Independent	FY1 4RW	£39,500	£19,039	76	£251	£1
Large Hardware	FY1 2LF	£310,000	£149,420	6,540	£23	0.09
DIY	FY4 5LU	£1,270,000	£612,140	13,471	£45	0.18
Independent	WA15 9SQ	£13,750	£6,476	37	£175	£1
Large Hardware	WA14 1RH	£415,000	£200,030	4,159	£48	0.27
DIY		£1,020,000	£491,640	6,553	£75	0.43
Independent	WA4 6SG	£13,000	£6,123	48	£128	£1
Large Hardware	WA1 2QH	£242,000	£116,644	2,081	£56	0.44
DIY	WA5 1AD	£365,000	£175,930	4,720	£37	0.29
Independent	CH1 1LE	£40,000	£19,280	41	£470	£1
Large Hardware	CH1 1HE	£159,000	£76,638	1,301	£59	0.13
DIY	CH1 4LS	£1,510,000	£727,820	14,333	£51	0.11

Reforming business rates

London

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	IG11 8ER	£11,750	£5,534	72	£77	£1
Large Hardware	IG11 8EU	£203,000	£97,846	3,948	£25	0.33
DIY	E6 6LG	£1,430,000	£689,260	11,033	£62	0.81
Independent	IG1 4DL	£28,000	£13,496	80	£169	£1
Large Hardware	IG1 4JF	£360,000	£173,520	6,076	£29	0.17
DIY	IG2 6PW	£845,000	£407,290	5,300	£77	0.46
Independent	BR1 1LF	£18,250	£8,596	59	£146	£1
Large Hardware	BR1 1EA	£213,000	£102,666	1,970	£52	0.36
DIY	SE26 2RP	£960,000	£462,720	6,174	£75	0.51
Independent	SW17 9PD	£24,000	£11,303	78	£145	£1
Large Hardware	SW17 9PA	£223,000	£107,486	1,342	£80	0.55
DIY	CRO 4YA	£2,080,000	£1,002,560	12,537	£80	0.55
Independent	HA9 7AB	£19,000	£8,949	39	£229	£1
Large Hardware	HA9 7AB	£224,000	£107,968	4,531	£24	0.10
DIY	W3 0RZ	£1,147,000	£552,854	6,155	£90	0.39

South

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	GU11 1DX	£8,600	£4,051	45	£90	£1
Large Hardware	GU11 1DB	£172,000	£82,904	3,623	£23	0.26
DIY	GU14 7ST	£1,940,000	£935,080	14,914	£63	0.70
Independent	BN11 3DF	£10,500	£4,946	25	£198	£1
Large Hardware	BN11 1LZ	£265,000	£127,730	2,762	£46	0.23
DIY	BN14 9LA	£700,000	£337,400	4,953	£68	0.34
Independent	ME27 1AY	£8,000	£3,768	56	£67	£1
Large Hardware	ME7 1AS	£192,000	£92,544	2,956	£31	0.46
DIY	ME8 6BY	£1,650,000	£795,300	14,744	£54	0.80
Independent	CT12 4AB	£6,800	£3,023	52	£62	£1
Large Hardware	CT11 9DS	£128,000	£61,696	3,105	£20	0.32
DIY	CT9 4EY	£397,500	£191,595	4,763	£40	0.65
Independent	ME15 1BJ	£11,500	£5,417	58	£93	£1
Large Hardware	ME15 6AT	£255,000	£122,910	3,230	£38	0.41
DIY	ME16 8DW	£270,000	£130,140	3,331	£39	0.42

Reforming business rates

South Wales

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	CF13 1DU	£12,500	£5,913	91	£65	£1
Large Hardware	CF31 1BX	£188,000	£88,924	2,900	£31	0.47
DIY	CF31 3TN	£497,500	£235,318	5,329	£44	0.68
Independent	NP16 5LQ	£12,750	£36,031	78	£77	£1
Large Hardware	NP16 5LL	£124,000	£58,652	1,555	£38	0.49
DIY	NP16 0XB	£282,500	£133,623	3,062	£44	0.56
Independent	CF10 1LA	£27,000	£12,771	76	£168	£1
Large Hardware	CF23 9AN	£325,000	£153,725	5,521	£28	0.17
DIY	CF5 5TG	£1,460,000	£690,580	13,871	£50	0.30
Independent	CF47 8DE	£20,250	£9,578	197	£49	£1
Large Hardware	CF47 8EL	£297,500	£140,717	4,279	£33	0.68
DIY	CF48 1HY	£173,000	£81,829	2,437	£34	0.69
Independent	SA1 1LT	£6,000	£2,838	45	£63	£1
Large Hardware	SA1 3QJ	£227,000	£107,371	3,793	£28	0.45
DIY	SA5 8LL	£325,000	£153,725	4,076	£38	0.60

South West

Category	Postcode	Rateable Value	Rates Payable 2014/2015	Floor Area m ²	Rates Payable psm 2014/2015	Ratio to £1 for indpdnt
Independent	BS1 3DW	£45,500	£21,931	33	£665	£1
Large Hardware	BS1 2DF	£325,000	£156,650	3,357	£47	0.07
DIY	BS7 9NU	£500,000	£241,000	4,976	£48	0.07
Independent	TA1 3PR	£6,600	£3,109	22	£141	£1
Large Hardware	TA1 3PT	£412,500	£198,825	2,490	£80	0.57
DIY	TA1 9NV	£850,000	£409,700	5,751	£71	0.50
Independent	BA20 1LT	£13,500	£6,358	68	£94	£1
Large Hardware	BA20 1LT	£241,000	£116,162	5,367	£22	0.24
DIY	BA20 2BU	£615,000	£296,430	5,065	£59	0.63
Independent	PL1 1NJ	£12,500	£5,888	57	£103	£1
Large Hardware	PL1 1QL	£217,000	£104,594	3,165	£33	0.32
DIY	PL7 4SS	£460,000	£221,720	4,413	£50	0.49
Independent	EX31 1DE	£6,000	£2,826	60	£47	£1
Large Hardware	EX31 1UG	£236,000	£113,752	1,715	£66	1.40
DIY	EX31 2AU	£407,500	£196,415	4,243	£46	0.98

**Appendix 2: Modelling for reformed rates and their impacts
on different sizes of operator**

Reforming business rates

Illustration of broad effect of exempting lower band of RV on overall rates payable.

Uses 2014 multiplier purely for clarity as an exercise.

RV	2014 multipliers	Payable	New bands	Payable	Rateable	New multiplier	Payable	Saving	% of original amount
6000	0	0	6000	-12000					
12000	47%	5640	12000	-12000					
24000	47%	11280	24000	-12000	12000	55%	6600	4680	58.51%
27400	47%	12878	27400	-12000	15400	55%	8470	4408	65.77% Average shop RV
88000	48%	42400	88000	-12000	76000	55%	41800	600	98.58%
100000	48%	48000	100000	-12000	88000	55%	48400	-400	100.83% Break even
200000	48%	96000	200000	-12000	188000	55%	103400	-7400	107.71%
500000	48%	240000	500000	-12000	488000	55%	268400	-28400	111.83%
1000000	48%	480000	1000000	-12000	988000	55%	543400	-63400	113.21%

Increase is likely to be less than above. On a more accurate measure the figures could look like this.

RV	2014 multipliers	Payable	New bands	Payable	Rateable	New multiplier	Payable	Saving	% of original amount
6000	0%	0	6000	-12000					
12000	47%	5640	12000	-12000					
24000	47%	11280	24000	-12000	12000 51P		6120	5160	54.26%
27400	47%	12878	27400	-12000	15400 51P		7854	5024	60.99% Average shop RV
88000	48%	42400	88000	-12000	76000 51P		38760	3640	91.42%
100000	48%	48000	100000	-12000	88000 51P		44880	3120	93.50%
200000	48%	96000	200000	-12000	188000 51P		95880	120	99.88% Break even
500000	48%	240000	500000	-12000	488000 51P		248880	-8880	103.70%
1000000	48%	480000	1000000	-12000	988000 51P		503880	-23880	104.98%