

Press release: Businesses set for lower bills

Thousands of businesses across the country are set to benefit from falls in their business rates bills, figures released today (17 February 2017) show.

Communities Secretary Sajid Javid said this will give regional economies 'the edge' to drive growth for the country as a whole.

The revaluation of business rates, which will come into effect in April this year, will mean businesses across the country will get lower bills that accurately reflect changes in their local property market.

Figures show that nearly three-quarters of businesses across the country will see no change to their bills, or a reduction. For the small minority who will see an increase, there will be a system of transitional relief, to bring it in gradually over 5 years. This transitional relief is worth £3.6 billion, and will mean increases in business rate bills will be phased in over the 5-year period. This relief is on top of increases in small business rate relief.

Latest figures released by the Department for Communities and Local Government show that this will benefit regions across the country, including the Northern Powerhouse and Midlands Engine. Bills across the northern regions are due to fall by 10% before inflation and transitional relief – a fall of £600 million a year – while businesses in the Midlands Engine will see their bills fall by an average 5% – a fall of £230 million a year.

This is on top of measures which mean that from this April, businesses will benefit from the biggest ever cut in business rates in England – worth £6.7 billion over the next 5 years. As a result, 600,000 businesses across the country will pay no business rates at all.

Communities Secretary Sajid Javid said:

Our regions have huge economic potential, and can be a catalyst to driving economic growth across the country.

The revaluation of business rates will help make sure bills are accurate, with nearly three-quarters of businesses seeing a fall, or no change. In fact, the generous reliefs we are introducing mean that 600,000 small businesses are paying no rates at all – something we're making permanent so they never pay these bills again.

And across the country, there's also a £3.6 billion scheme to support companies affected by the business rates revaluation.

These measures are on top of wider reforms to business rates, which will mean by 2020, councils will be able to keep 100% of all locally-raised taxes to help fund local services, which will mean a stronger incentive for councils to support and help local firms grow and prosper. While bills will be issued by councils, valuations will be conducted by the independent Valuation Office Agency, to avoid any conflict of interest.

In the last Parliament, the government intentionally changed the timetable of the revaluation from 2015 to 2017 to provide stability for businesses after the financial crash. Government-led efforts to boost the country's economy and encourage growth have now led to 900,000 more businesses operating now than in 2010, and the government believes it is now the right time to go ahead with updating the figures on which bills are based.

The revaluation will benefit large parts of the country, with three-quarters of businesses seeing no change, or a fall, in their business rate bills. They include:

- businesses in the South West seeing an average 6% fall in bills before inflation and transitional relief – a cut of £150 million a year
- businesses across the South East benefiting from an average 1% fall in business rates bills equivalent to £50 million a year
- businesses in the East of England benefiting from an average 7% per cent fall in business rates – equivalent to £180 million a year
- West Midlands businesses benefiting from an average 7% fall in business rates before inflation and transitional relief – equivalent to a fall of almost £170 million a year
- businesses in the East Midlands seeing an average 3% drop in business rates bills – equivalent to £60 million a year

The changes are fiscally-neutral, meaning no real increase in the amount of tax raised. Key cities seeing reductions in their business rate bills include:

Northern Powerhouse:

- Durham – an average 10% cut in bills
- Newcastle – an average 11% cut in bills
- Manchester – an average 3% cut in bills
- Liverpool – an average 7% cut in bills
- York – an average 6% cut in bills
- Leeds – an average 11% cut in bills
- Hull – an average 13% cut in bills
- Sheffield – an average 9% cut in bills

Midlands Engine:

- Birmingham – an average 6% cut in bills
- Coventry – an average 7% cut in bills
- Derby – an average 4% cut in bills