

Backbench Business Committee

Representations: Backbench Business

Tuesday 22 November 2022

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Members present: Ian Mearns (Chair); Bob Blackman; Kevin Foster; Patricia Gibson; Chris Green; Wendy Morton; Nigel Mills.

Questions 1-4

Representations made

[I](#): Peter Aldous

Peter Aldous made representations

Q1 Chair: Good afternoon and welcome to the Backbench Business Committee. We have two applications in front of us this afternoon, the first of which is from Mr Peter Aldous—welcome, Peter—on business rates and levelling up. Over to you, please.

Peter Aldous: Many thanks, Ian. I am applying for a debate on business rates and levelling up. I think we all know that business rates do have a significant impact on businesses, which is particularly relevant at this time, and they can be a brake on levelling up.

I am conscious, also, that over the years there have been an awful lot of promises by all political parties to reform or replace business rates, and they have gone in search of this particular holy grail, but have never found it. I think that is probably because business rates are easy to collect, difficult to avoid, and they yield a not inconsiderable £25 billion to £30 billion per annum to the Treasury. A lot of the alternatives do not possess those advantages.

Now, you could ask, “Why are you applying for this debate now? Wasn’t this particular issue addressed last week in the autumn statement?” Yes, it was. Over the years, you could say that successive Chancellors have applied a sticking plaster to the wound, and what you could say we had last week was a gigantic bandage in that we are going ahead with the revaluation as from next year, the multiplier is being frozen, the transitional relief scheme is being reformed, there is support for leisure, hospitality and retail and for small businesses, and there is the business rates improvement relief. That is welcome, but it throws up a variety of issues.

What this also means is that there will be a revaluation from next year. That in itself will present challenges, because all the indications are that a lot of businesses that are expecting their rateable values to go down considerably will be in for an unpleasant surprise. Looking at shops, the indications are that rateable values will only go down by about 10%. At a time when our valuation date for that was 1 April 2021, which was slap in the middle of covid, you might wonder quite how a shop had a rateable value at all, in many respects.

There will be a large number of appeals, and I think we need to think and address how that particular challenge is presented. One thing is that the Valuation Office Agency needs to be transparent with the evidence that they are using.

Looking at the longer term, what we have now is a very complicated relief system, and I have already mentioned some of the reliefs that came in last week. I could mention at least another 10 that are already there, and there comes a time when you cannot just keep adding to the reliefs; you actually have to look at overall reform. That is what I think we need to be doing.

It is also important to look at this issue now, because a non-domestic rating Bill is looming on the horizon. It is appropriate to debate the content of this Bill and highlight some concerns ahead of it being published. From my perspective, I will be putting forward some proposals as to what long-term meaningful reform might mean, and I am looking at things like the reduction of the uniform business rate; the scrapping of the reliefs and the broadening of the tax base; implementing yearly revaluations, rather than revaluations that can be delayed for political reasons; and extending the empty rates relief, so that rates are only paid by revenue-generating businesses.

That is what I would be coming forward with, but there are opportunities for loads of other people to come forward with their own particular proposals. It may be that someone can find the holy grail that we have been seeking for many, many years.

That is just a summary, Mr Chairman, as to why I believe we need this debate.

Chair: Thank you very much, Peter. Questions, colleagues?

Q2 **Bob Blackman:** Which Department would you like to answer?

Peter Aldous: I think either the Treasury or the levelling-up Department.

Q3 **Bob Blackman:** Good news. You have the opportunity of Tuesday 13 December, when both those Departments answer, so you may have to indicate to them which one you wish to answer, if you accept that date.

Peter Aldous: I think we would go for the Treasury, because all roads do ultimately lead to the Treasury.

Q4 **Chair:** So you are seeking a debate over the great fiscal wound that is business, because it has enough sticking plasters already.

Peter Aldous: Yes.

Chair: Fantastic. Any other questions? No. Peter, thank you very much.

We have another application in front of us on the contribution of family businesses to their local communities across the UK, but John Stevenson MP has asked us to consider his application in absentia. I think colleagues will agree to do that.

Members *indicated assent.*

Chair: We will therefore bring our public deliberations to a close.