The Queen’s speech referred yesterday to reform of the business rate (the UBR). Mentioned in particular were an increase in the business rates retail discount from one-third to 50p, and revaluations every three years.

More frequent revaluations are a good thing, but cuts in business rates mean less public revenue (which means cuts in services or an increase in other taxes) and HIGHER RENTS for business. Why haven’t the policymakers learned from the 1980s Enterprise Zones, which enjoyed the benefit of a ten year “rates holiday”? Rents rose and absorbed the value of the concession. This was carefully researched by a team commissioned by the government itself. The report on the enterprise zones can be downloaded here.


A genuinely business-friendly policy would have banned upwards-only rent revision clauses in future contracts. After all, market rental values can go down as well as up.

A further gain would have been to have gone over to site-value only assessment, which would simplify the task of valuation and also benefit manufacturers and heavy industry in the depressed regions. Firms like Nissan, on the edge of Sunderland, steel manufacturers in places like South Wales, producers of power and heavy chemicals on Merseyside and Teeside (what remains of these industries) are lumbered with heavy charges even though they are operating on sites of low value. Bizarrely, even Network Rail is hit by the present system of assessment.

It it a vain hope to expect the review of the UBR to take a deeper look at the issue before legislation is put forward?