

8 July 2009

To: Stakeholders, Business Rates Revaluation
2010

The 2010 Rating Revaluation

1. We have today published the first results of the 2010 rating revaluation in England together with our proposals for transitional arrangements for the 2010 rating list. The Government is asking for views on a £2 billion relief scheme to support the minority of businesses who could see their rates increase as a result of the revaluation.

2. The Government does not collect any extra revenue as a result of the 2010 revaluation. Regular revaluations for businesses rates help to maintain fairness in the system by ensuring that rateable values – which are linked to rental values – are based on up to date information. The next revaluation takes effect from 1 April 2010.

3. The results of the revaluation are shown in the tables at Annex A. Overall, the revaluation does not raise extra revenue and, furthermore, the majority (60%) of businesses will see a fall in next year's bill as a result of the revaluation. Overall, as a result of revaluation and the relief arrangements, one million businesses will see an average decrease of £770 in 2010/11:

- High street retailers will be largely unaffected, with sectors such as shops seeing potential cuts in rates bill - figures show an average one per cent reduction. However, large supermarkets are likely to see increases given their growth in property value since the last revaluation in 2005.
- The industry and manufacturing sector – from large factories down to small workshops and start up units could see falls of three per cent or £175 million.

- All regions could see average rate bills fall or stay the same as a result of revaluation and the relief scheme, except London and the South West, which could on average see respective increases of 3 per cent and 1 per cent after transitional relief. London has seen the highest economic growth of any region, has the highest concentration of businesses, and makes a proportionate contribution through business rates.

4. Furthermore, the high property market of April 2008, upon which rateable values are based, will not affect overall bills as there are parallel falls in the multiplier. We forecast that the small business multiplier will fall to 41.3p in 2010/11 before inflation. This could fall to as low as 40.0p, the lowest multiplier for 18 years, if inflation is -3% at September 2009.

5. Our proposed schemes for transitional arrangements would help nearly half a million businesses providing a total of £2 billion of relief for those facing increases. The consultation is available at the link below and asks for views on how the length of the scheme and how it should be funded.

<http://www.communities.gov.uk/publications/localgovernment/nndrrevaluation2010>

6. We will continue to work closely with stakeholders during the consultation period and beyond and would welcome the opportunity to listen to your views. The consultation period closes on 23 September.

7. The draft rating lists will be published at the end of September 2009

Nick Cooper
Business Rates Valuation Division

Annex A

The tables below show the effect of the 2010 revaluation before and after the £2 billion transitional relief scheme.

Sector effect of the 2010 revaluation (% change in bills 2010/11 before inflation and other reliefs)										
	Total		Offices		Retail		Industry		Others	
	Before transition	After transition	Before transition	After transition	Before transition	After transition	Before transition	After transition	Before transition	After transition
East Midlands	-10%	-4%	-18%	-7%	-8%	-3%	-16%	-6%	-2%	-1%
West Midlands	-7%	-3%	-8%	-3%	-4%	-1%	-13%	-5%	-1%	-1%
South East	-5%	-2%	-13%	-4%	0%	1%	-12%	-4%	0%	0%
East of England	-3%	-1%	-7%	-2%	1%	1%	-9%	-3%	2%	0%
North West	-2%	-1%	-3%	-1%	-1%	0%	-9%	-3%	2%	0%
North East	-1%	0%	-6%	-2%	-1%	0%	-7%	-2%	6%	3%
Yorkshire & Humber	-1%	0%	-1%	0%	1%	1%	-9%	-4%	3%	1%
South West	3%	1%	-3%	-1%	5%	3%	-3%	-2%	7%	3%
Central List	3%	2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
London	10%	3%	19%	5%	4%	1%	0%	0%	4%	2%
Total	0%	0%	5%	1%	1%	1%	-9%	-3%	2%	1%

Breakdown of retail sector by type (effect on 2010/11 bills before inflation and other reliefs)			
	Hereditaments	% change	
		Before transition	After transition
Shops	407,700	-1%	-1%
Retail Warehouses	7,800	-4%	0%
Supermarkets	3,900	12%	9%
Department Stores	200	-6%	-2%
High Street Banks	10,400	-2%	0%
Large Shops	2,300	-2%	0%
Other retail	43,400	2%	-1%
Total	475,700	1%	1%