

XX August 2010

Ms. Harriet Gay
Business Rates and Valuation Division
Local Government Finance Directorate
Department of Communities and Local Government
Zone 5/D2, Eland House, Bressenden Place
London SW1E 5DU

Cc: Simon Ridley, Director of Local Government Finance, Department for Communities and Local Government.

Dear Harriet,

Making Small Business Rate Relief Automatic Consultation

The British Chambers of Commerce (BCC) is pleased to respond to the Government's consultation on making Small Business Rate Relief (SBRR) automatic. The BCC is a powerful and influential national network of accredited Chambers, uniquely positioned at the heart of every local business community in the UK. No other business organisation has our geographic spread or multi-size, multi-sector membership – we are truly the Ultimate Business Network.

The BCC has long called for the Government to make SBRR automatic and we are very pleased that Ministers have decided to act on this issue. Business rate levels are a recurring concern for our members and it is important that smaller businesses receive the relief they deserve. We believe that in the past the combination of a lack of promotion and awareness of the relief, the registration and eligibility requirements, and the complexity of the business rates system as a whole have acted to hamper SBRR take-up levels and a more automatic system will help to tackle this problem. Derbyshire and Nottinghamshire Chamber of Commerce's recent survey of their members showed that only 56% had checked their eligibility for SBRR and 75% believed the relief should be made automatic.

In terms of the different options for making the relief automatic, we understand that there is a practical problem for Local Authorities in finding a source of data that would enable them to identify SBRR eligible businesses without a declaration by the ratepayer. We are not aware of another source of available data that would eliminate this problem, however if one could be found, this would clearly be the best option for achieving full automation.

The other two options relate to the possibility of extending eligibility to businesses with multiple properties. This principle has been applied to differing degrees in Scotland and Wales with some success and we believe it is now time for it to be rolled out in England. In addition to the barrier presented by the need to formally declare eligibility, it is not an acceptable situation for some SMEs to be prevented from claiming much-needed SBRR because they have more than one property as result of a lack of available premises or for purely historical reasons.

Of the two multiple property options, extending eligibility for properties of £12,000 and £18,000 (£25,000 in London) rateable value would seem to be preferable to extending the relief to all properties below the threshold. This is because the much greater cost of extending the relief to all properties and the potential for this measure to mean that larger SME operators could be subsidising large businesses with multiple operators in small premises. We also understand that a targeting of the relief in Wales has resulted in many businesses coming to regard the system as automatic in its application.

We would also point out however that these changes will only work if they are put alongside measures to communicate and explain them to businesses. Also changes to SBRR need to be part of a much more extensive reform of the current system of exemptions and reliefs, with much stronger financial incentives for Local Authorities to support economic growth and a long-term solution to the problems created by the abolition of Empty Property Rate Relief.

I hope that you find our responses to your consultation questions useful. If you would like to discuss this issue further please contact Kevin Hoctor at the BCC on k.hoctor@britishchambers.org.uk or Tel: 020 7654 5809.

Yours sincerely



Dr. Adam Marshall
Director of Policy and External Affairs.