

Business Rates team
HM Treasury
Horse Guards Road
Westminster
London
SW1A 2HQ
Via email to: transformingbusinessrates@hmttreasury.gov.uk

18 February 2026

Dear Treasury Business Rates team,

Response to call for evidence on business rates and investment

BusinessLDN represents over 170 leading businesses in London. These major employers span a wide range of sectors, including infrastructure, retail, hospitality and leisure. Our mission is to make London the best city in the world in which to do business, working with and for the whole UK. We welcome the opportunity to respond to the Government's call for evidence on business rates and investment.

As London's leading business campaign group, representing employers across diverse sectors that support millions of jobs nationwide, we strongly back the Government's growth mission and its ambition to unlock long-term private investment in infrastructure. A reformed business rates system must enable, rather than constrain, these ambitions.

Business rates remain one of the most significant cost pressures facing firms in London, as highlighted in our submission to the 2025 Autumn Budget. Although this is a UK-wide challenge, it is particularly acute in the capital, where higher rateable values often reflect land values rather than a proportionately greater ability to pay. The Government's proposed introduction of new multipliers, designed to reduce rates for properties with rateable values below £500,000, risks having the opposite effect in London. These structural pressures continue to weigh heavily on sectors such as hospitality, leisure and retail, which play a vital role in sustaining vibrant local economies and community identity. For example, analysis by the Heart of London Business Alliance (HOLBA), in association with Attis, suggests that a 10p increase in the higher multiplier from 2026/27 could generate £2.2 billion nationally, of which £972 million - or 44 per cent of the England-wide increase - would fall on London businesses alone.

Large-scale infrastructure businesses are also particularly affected by changes to business rates. They are critical hubs for international trade, tourism and connectivity, yet already bear some of the highest liabilities in the country. The transitional relief announced in the Autumn Budget has been welcomed by the sector. However, many businesses still face higher multipliers and unpredictable valuation changes. For example, from 2029 many airports could face increases of around 100 per cent in their bills due to higher multipliers and valuation shifts.

As our upcoming report, *Pathway to Delivery: Expanding London's Global Connections*, highlights, there is at least £53.5 billion of private capital ready to be deployed over the coming years to support the expansion of London's global ports over the next decade. At a time when rival

European and global ports are investing heavily to attract new trade and investment, further increases in business rates risk weakening the UK's competitiveness as an international hub.

The Government must ensure that long-term, capital-intensive investment is underpinned by a stable and proportionate fiscal environment. In respect of business rates, this can be delivered in three ways.

First, by setting out a clear, long-term trajectory for business rates for airports and other major infrastructure businesses. Boards and investors plan and finance these projects over decades, so greater predictability and stability in business rate liabilities are essential to unlock private capital. This must include moving towards a system in which large infrastructure operators can anticipate changes in rateable values and have confidence that revaluations will not result in sharp, destabilising increases. Greater stability between revaluation cycles would provide assurance that liabilities will not fluctuate dramatically at each reset, enabling airports and other capital-intensive operators to plan expansion and investment with clarity over their long-term cost base.

Second, by ensuring that valuation methodologies are transparent and grounded in clear, measurable principles. Sudden or arbitrary shifts in property valuation create uncertainty and risk, deterring investment. This is particularly problematic if significant changes occur part-way through major projects, as they can materially alter projected returns and undermine agreed business cases. Clear rules and predictable methodologies will give investors and boards confidence to plan long-term projects without fear of unexpected cost spikes. Bringing the Valuation Office Agency (VOA) in-house from April 2026 offers an opportunity to align its approach with the Government's growth objectives.

More broadly, we urge the Government to commit to wholesale reform of the current system. Business rates were designed for an economy rooted in physical premises; that is no longer the full picture. Today, commerce is conducted as much digitally as through bricks-and-mortar sites, yet the UK remains an international outlier in its reliance on property taxation. Rather than continuing to refine a model increasingly misaligned with modern economic activity, the Government should develop a system better suited to a digital economy, including adjustments to VAT and other revenue streams.

We would welcome the opportunity to discuss these issues further and to work constructively with the Treasury as the review progresses. We remain committed to supporting a fair and predictable business rates system that enables growth and investment across London and the UK.

Yours sincerely,

Muniya Barua
Deputy Chief Executive