



Says...

KEEP TRADE LOCAL

FEDERATION OF SMALL BUSINESSES

Business rates

Policies for sustainable communities





The Keep Trade Local Campaign

Small shops are struggling to survive because of local, regional and national government policies, together with the failure of the competition authorities to deal with the aggressive policies of supermarkets.

The loss of the UK's independent retailers has far reaching socio-economic and environmental implications for the whole community. 42% of English towns and villages no longer have a shop of any kind¹. By 2010 many local communities will have no shops or services.

The Keep Trade Local campaign was launched in March 2008 and has since been taken up by local communities across the UK. In addition to its grassroots campaign activities, the FSB is gathering signatures to the Keep Trade Local petition at <http://petitions.pm.gov.uk/keeptradelocal/> The petition calls for the Prime Minister to secure the future of small shops across the UK and safeguard the choice and competition that people expect in the market place.

¹ 'Nightmare on every street' Report by NIIRTA (Northern Ireland Independent Retail Trade Association) 2008

Business Rates

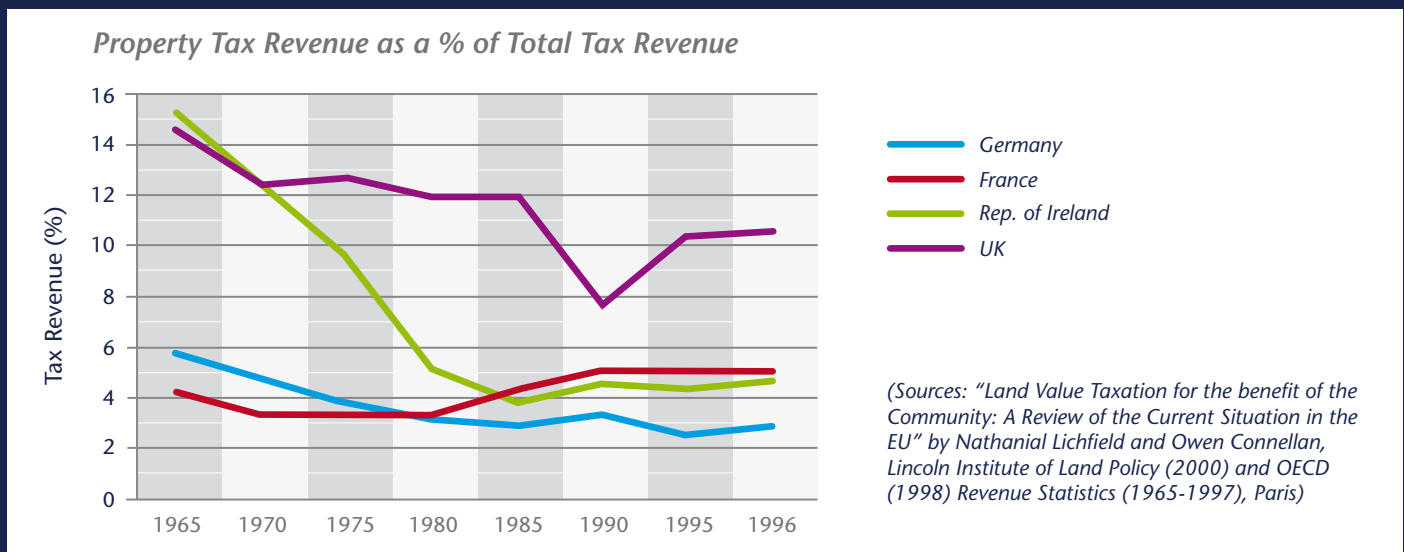
Introduction

For many small businesses business rates (Non-Domestic Rates) are often the 3rd highest expenditure item after wages and rent payments. Business rates are often a disproportionate burden on small businesses as this tax, unlike all other taxes, must be paid irrespective of whether the company is making a profit or not.

The UK does not have a single unified non-domestic rates system. Since 1989 in Scotland and 1990 in England and Wales, each of these countries has had its own Uniform Business Rate (UBR) system and has set its own national multiplier or rate poundage. Northern Ireland has retained its own non-domestic rate system, which consists of two parts, a rate set by the region, plus a rate set by each local authority.

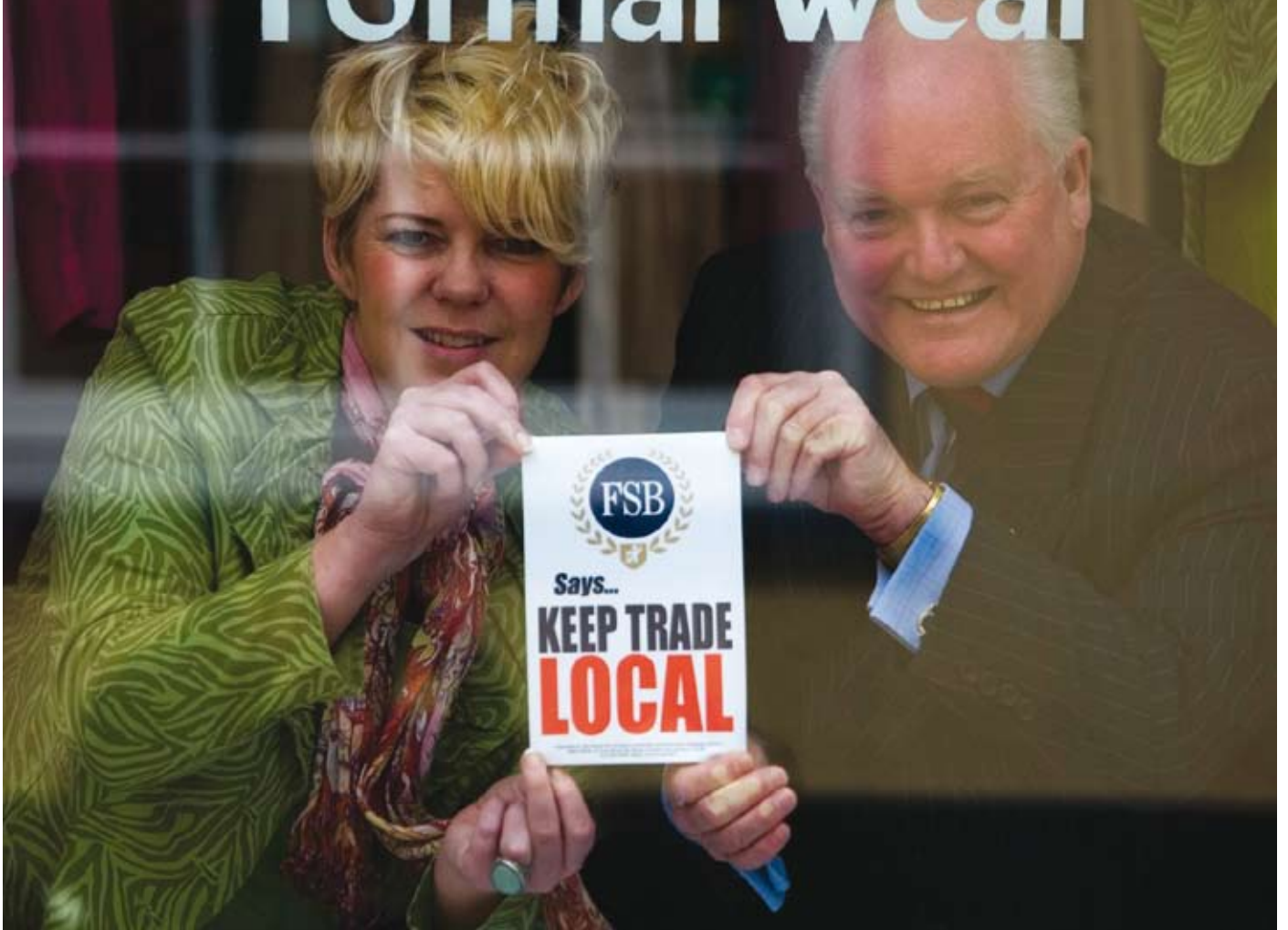
In 2004/2005 the government raised £19b from business rates, which accounted for 4.2% of total revenue. Set internationally, this represents three times higher than any other European country and higher than the United States of America.

Since 1 April 2008, empty retail and office space pay full rates after three months' grace. Industrial space is now charged full rates after six months' grace.



During times of economic difficulty it is important that small businesses get the reliefs they are entitled to. The FSB would welcome measures from the government to give small businesses the reliefs they are permitted to without unnecessary form filling as this will strengthen the economy. The reliefs SME's are getting is being spent on acquiring new skill sets, employing staff and planning for the long term.

Day Wear Formal Wear



Small Business Rate Relief

The government introduced the Small Business Rate Relief (SBRR) scheme in April 2005 and the FSB welcomes the chance for small business to reduce the amount they have to pay in business rates.

However, the FSB has asked the government that the relief should be made automatic. We have also discussed with local authorities better promotion of the scheme so all small businesses know they have the opportunity to reduce their rate bills.

The FSB urges all small businesses to apply for the scheme. If you would like more information please check the FSB website: <http://www.fsb.org.uk/data/default.asp?id=376&loc=policy>

England

Small businesses in England must apply, every year, to collect their relief. The FSB has been campaigning to make this relief automatic as we still find that very many small businesses are not applying for it. One example of this is Essex, where nearly £50million went unclaimed. This is money that the chancellor has accounted for and small businesses are entitled to.

Wales and Scotland

The Small Business Bonus scheme came into force in Scotland on 1st April 2008, following a strong lobbying campaign by the FSB. Premises with a rateable value of up to £15,000 will see their rates bills being cut by between 25% and 100% over the following two years. Those premises with rateable values of under £8,000 will pay no business rates at all from April 2009.

Generally, the scheme has to be applied for by individual businesses. Each Local Authority has the power to decide on a retrospective claim and how the scheme is administered in their area. In these difficult economic times, small businesses in Scotland have found this rates relief scheme to be a lifeline in many cases, while many other businesses have used the money saved to reinvest in their business.

SME's in Wales will get there relief without applying for it and with no forms to fill in. This is the fairest solution.

Northern Ireland

SME's in Northern Ireland get no rate relief at all. This puts small businesses, and the economy, on a negative base. The FSB feels this is unfair for small businesses operating in Northern Ireland and gives them a disadvantage to the rest of the UK. The assembly needs act and start a scheme that will help small businesses and the economy.

FSB Research into SBRR

As part of the Keep Trade Local campaign the FSB will be carrying out research into the uptake of SBRR to see if figures have increased from 2005. Shockingly, the FSB found that in 2005 only 49% of eligible businesses had claimed the relief.

We hope that all local authorities will assist us when they receive a letter from the FSB asking for the uptake figures and we also hope that they are doing everything they can to raise the awareness of this scheme to their small business community.

Empty Properties

Business rate relief on empty properties was removed on 1 April 2008. Before then, empty retail and office space received full relief for three months and 50% thereafter, while industrial space (warehouses and factories) received full relief permanently.

The Rating (Empty Properties) Act 2007 was introduced in the 2007 Budget and included a clause enabling the secretary of state to reintroduce relief up to 50% if warranted by economic conditions. Ministers predicted the relief cut to raise an additional £1bn per year.

The Keep Trade Local campaign is asking for this relief to be re-applied at 50% as allowed for in the legislation, a position supported by the likes of the British Property Federation, CBI, the British Retail Consortium (BRC), British Chamber of Commerce and over 35 MPs from all parties.

The FSB feels this is exactly the wrong time for this relief to be taken away and we have written to the Prime Minister expressing our views.

The FSB believes that this is a purely revenue raising exercise with no thought of potential consequences for SME's. The retail sector alone has an aggregated Rateable Value of £38bn and current estimates show 7% of this stock is vacant. This equates to over £2.5bn.

This decision has the potential to result in:

- *Property owners intentionally damaging their buildings to remove them from the ratings list*
- *Increased number of rating appeals and Valuation Tribunal cases challenging the rental values particularly on redundant premises*
- *Increased dilapidation claims*

This will make town centres less desirable for investors and help turn town centres in sink estates and ghost towns.

One of the aims of the Keep Trade Local campaign is to promote thriving and prosperous town centres with a mixed retail and business environment. This change will help this aim and not help small businesses.





Business Rate Supplement Bill

This law will allow local authorities to charge businesses a tax on top of the business rates they currently contribute. This bill comes from the shortage of funding for large, multi-area infrastructure projects such as Cross Rail in London.

The FSB is opposed to this bill. We have set out our recommendations to the Chancellor and the relevant government departments on how this damaging bill can be amended to lessen the impact on small businesses if they do not listen to us and the many other business organisations.

This extra tax will be even harder felt by those businesses that operate within Business Improvement Districts (BIDs). They already pay their business rates and an extra BID levy, and a third tax will be too great of a burden for some.

Government should not look at small businesses as a cash cow for when it wants to carry out large expensive projects that it does not want to fund.

At a time of economic difficulties it is unreasonable for government to place an extra tax on small firms, when it should be small businesses that are the solution to the problems in the economy.

The FSB recommended 9 safeguards we want to see before we could support such a damaging bill, which include:

- *All current and future local business rate levies to be offset against contributions made to BRS*
 - *Local authorities commit to paying for any project overspend without additional local taxation*
 - *All BRS projects to undergo a robust and transparent cost benefit analysis before approval*
 - *A mandatory vote for all businesses contributing towards a project receiving BRS investment*
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FSB National Chairman John Wright

How can you help Keep Trade Local?

This campaign can only succeed if people like YOU get involved.

The Keep Trade Local campaign was inspired by FSB members; adopted by members at annual conference in March 2008, and is now being delivered by members in local communities across the country.

The campaign seeks to unite communities, businesses and residents associations across the country, that find themselves under threat from the range of problems currently driving small independent retailers out of our high streets.



Says...

**KEEP TRADE
LOCAL**

Things you can do to make a difference:

- Write to your local MP ensuring that they understand what the problems are facing small businesses
- Write to your local newspaper
- Sign the Keep Trade Local petition: <http://petitions.pm.gov.uk/keeptradelocal/>
- Join your FSB's Keep Trade Local network
- Ensure that FSB posters and campaign materials are in the windows of small shops on your local high street
- Run a local campaign in your branch/region
- And last but not least, shop local and use your local businesses – if we don't use our local shops and tradespeople we will lose them

Keep Trade Local has already been endorsed by top political figures from across the political spectrum.

It has achieved celebrity support and has struck a chord with people up and down the UK.

We now need your support to carry the campaign forward.

Our local communities deserve nothing less.

For more information about the campaign please contact the campaign co-ordinator, Aviva Bresky: aviva.bresky@fsb.org.uk

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Copies of this publication may be obtained by writing to:

Federation of Small Businesses
2 Catherine Place, London SW1E 6HF

Telephone: 020 7592 8100

Facsimile: 020 7233 7899

email: london.policy@fsb.org.uk

website: www.fsb.org.uk

Designed on behalf of the Federation of Small Businesses by Cactus Design, 5-7 Museum Place, Cardiff, CF10 3BD.

Telephone: 029 2078 0220

email: studio@cactusdesignltd.co.uk

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