IPTI Xtracts

Property Tax and Assessment News from Around the World

United Kingdom – September 2022

CONTENTS

INDUSTRY WELCOMES LABOUR PLEDGE TO ABOLISH BUSINESS RATES

Business and property leaders have hailed the Labour Party's promise to abolish a major tax on commercial property.

Shadow chancellor Rachel Reeves pledged in a speech at the Labour Party conference in Liverpool this week to replace business rates with a "fairer system".

The announcement came just days after the government's tax-slashing mini-Budget left rates largely untouched.

Federation of Small Businesses (FSB) national chair Martin McTague said: "Small firms were looking for a strong statement from Labour on business rates – and they got one."

Labour has called for small business rates relief to be extended to those whose premises have rateable values up to £25,000, rather than £15,000 at present. This could be paid for by increasing the rate of digital services tax.

"We estimate that increasing the relief threshold will lift 200,000 small businesses out of paying rates altogether, the bulk of them in levelling-up target areas," said McTague.

He also welcomed a suggestion in Reeves' speech that she would end the controversial system of transitional relief, which staggers any drop in bills. Labour also promised annual re-evaluation of business rates.

"The decision to abolish downward transition relief is very welcome," said McTague. "This means that if a business's rateable value falls, it will see the discounted rate immediately."

Grocers have been particularly vocal about the need for rates reform, with the Retail Jobs Alliance, which includes Tesco, Sainsbury's and the Co-op, this summer urging the government to "prioritise fundamental changes" to what it calls the "shops tax".

Alliance director Nick Faith said it was delighted to see Labour's commitment, saying the current system "inhibits investment in new shops and makes it harder to keep existing shops open".

Tom Ironside, director of business and regulation at the British Retail Consortium, said: "This outdated tax disproportionately harms retail and holds back investment."

He added that retailers would be keen to see the details of Labour's proposals.

But Josh Myerson, partner at property consultancy Montagu Evans, warned that a "radically different, untested" alternative to rates "would bring unwelcome uncertainty at a time when business needs stability".

He added that the current system was "not beyond redemption".

"Business rates are let down by their relative complexity, their current inability to keep pace with market changes, and the fact that government relies on them to raise too much money via an unsustainably high multiplier," Myerson said. "All are resolvable. Pare back reliefs and exemptions, including downwards phasing, continue to increase the frequency of revaluations and reduce the multiplier and many of the issues fall away."

Ryan Jones, partner at property consultancy Cluttons, also warned that new levies are bound to crop up to replace revenue lost to the Treasury.

But he said the property industry had been "campaigning for decades" for rates reform.

"The rate-payer needs to understand why their rateable values are set at the level they are and that they are more closely aligned with the rent they are paying," Jones said.

"Being more responsive to changes in the property market by reducing the period between the rating list commencement date and the rent levels they are based on would be a positive step forward, along with the move to more frequent revaluations."

John Webber, head of business rates at Colliers, said the property consultancy supported "significant reform" of business rates. "The system in its current form is unworkable," he said.

The multiplier, which helps firms calculate their rates bill according to value of premises, should be slashed from around 50p for most businesses to 30p, Webber added.

"The burden of taxation should be shifted away from the retail sector, which contributes nearly a third of the total tax take," he added. "Rates reliefs should be reformed, empty rates relief extended, and plant and machinery clauses reformed to encourage investment and green initiatives.

"We need more frequent revaluations, so rates better reflect values – and no phased-in downwards transition after a revaluation – as well as an overhaul of the disastrous appeal system."

Reeves said in her speech: "Our unfair, outdated system of business rates punishes high-street businesses to the advantage of online giants.

"Labour will level the playing field. We will abolish business rates and replace them with a fairer system fit for the 21st century.

"That new system will mean that businesses would get revaluation discounts straight away, rather than waiting years for their money back."

WHAT IMPACT WILL RECORD INFLATION HAVE ON BUSINESS RATES?

Is a business rates rise shock in store for next year?

Business rates revaluations are scheduled at certain times, but if these occur during period of high inflation the new fix could put businesses and commercial landlords at risk.

Though business tenants are liable to pay business rates, landlords should be concerned because they become liable themselves should the building become vacant.

Business rates and inflation

If inflation remains at the present level (around 10 per cent) the upcoming rates revaluation due in April next year could result in the rating list being fixed at a level that's far too high for comfort for many businesses, it could drive many businesses to the wall.

It has been estimated that should inflation remain at its present elevated level, business rates for commercial properties in England as a result of next April's revaluation will rise in total by over £2 billion, a nice result for central and local government but not so good if it drives companies out of business.

Business rates revaluations

Business rates are re-set at each revaluation for a period of time known as the rating list. The current rating list, running from the April 1, 2017, until the March 31, 2023, was extended due to the pandemic in an attempt to ease the burden on businesses.

Business rates in England are a tax on the occupation of non-domestic property introduced in England and Wales in 1990. Since devolution and a Welsh Assembly in 1997, rate setting in Wales has been separated from England, and Scotland uses a different system as well.

Properties are assessed as a rating list with a rateable value, a valuation of their annual rental value on a fixed valuation date using assumptions fixed by statute. Rating lists are created and maintained by the Valuation Office Agency, a UK government executive agency of His Majesty's Revenue and Customs (HMRC).

The agency values properties for Council Tax and for non-domestic rates in England and Wales (in Scotland this function is performed by the Scottish Assessors). The work is undertaken on behalf of the Department for Levelling Up, Housing and Communities in England, and the Welsh Government in Wales.

The business rating list is in fact a series of local rating lists, with each property being assessed for a rateable value based on rental values. Rating lists were prepared and maintained by the Valuation Office Agency, while billing and collection is the responsibility of local authorities.

The system features a central government set multiplier, often referred to as the Uniform Business Rate, by which the basic bill is calculated. The rates bill for individual properties and business, particularly of late due to Covid, is modified by various reliefs, including the newly introduced transitional relief, which was designed to smooth large changes in liability due to revaluations. The multiplier was calculated to ensure that, on average, bills rose by no more than the rate of inflation.

Rating lists can be altered either to reflect changes in properties, or when valuations are successfully appealed and new rating lists are normally created on revaluations every five years, though for future rating lists the government has shortened this period to three years. The aim of this is to keep the rates businesses pay more in-line with market rental values, as they change with the strength of the economy.

Through the Local Government Finance Act 2012, and regulations that followed, the government gave local authorities the power to keep up to half of business rate income and transfer half of it centrally, to central government. The central share is then distributed to councils in the form of revenue support grants.

The other half kept by local authorities are then subjected to tariff, levy, top-up and safety payments depending on the financial position of the council. According to the government the change gives financial incentives to councils to grow their local economies and increase their income from business rates. At the same time the new scheme has resulted in more risk and uncertainty.

Revaluation next April – business concerns

With the next business rates revaluation due next April, Mortgage Introducer quotes RVA Surveyors saying that business owners and leaders are increasingly nervous as to what another rise could mean for their businesses.

RVA Surveyors say there’s wide business community that is either unaware, sceptical, or simply too busy with the current economic climate, to think of challenging their business rates.

Anthony Hughes, managing director at RVA Surveyors, told Mortgage Introducer:

"Business rates has seen an upwards-only trend for years, and it is past time for the government to step up and sort out an increasingly outdated tax system. We need to see from Truss's government that help for businesses is paramount in the coming days; not only to help businesses stay afloat, but to keep employment levels steady as well.

"As bills continue to soar, and speculation as to when businesses will receive help from the government runs rampant, business owners and leaders must take steps to create savings where they can," Mr Hughes says.

MINI BUDGET SLAMMED AS MISSED CHANCE TO FIX BUSINESS RATES

Industry has slammed the mini budget as a missed opportunity to address "unaffordable" business rates.

BRC CEO Helen Dickinson welcomed the Energy Bill Relief Scheme, set out earlier this week, and moves on National Insurance and corporation tax, saying they would "help retailers shield their customers from some of the effects of inflation".

But she warned retailers faced "immense cost pressures, not just from energy bills, but also a weak pound, rising commodity prices, high transport costs, a tight labour market and the cumulative burden of government-imposed costs".

"Yet what was missing from today's announcement was any mention of business rates, which are set to jump by 10% next April, inflicting another £800m in unaffordable tax rises on already squeezed retailers," Dickinson said.

"It is inevitable that such additional taxes will ultimately be passed through to families in the form of higher prices."

She said there was still time for the government to act and urged it to freeze the business rates multiplier to stimulate investment and allow retailers to focus on keeping prices down.

The British Property Federation also said it was "disappointing" Chancellor Kwasi Kwarteng hadn't used his statement to set out action on business rates.

"This archaic tax is one of the fundamental causes of high street and town centre decline and its current unsustainable burden on businesses does not fit with the government's vision for a low-tax, dynamic economy," said BPF CEO Melanie Leech.

"We urge government to look again at how the system can be modernised."

John Webber, head of business rates at property consultancy Colliers, said the mini budget had missed the "elephant in the room".

"The Chancellor has said he is simplifying the tax system – in which case he should simplify business rates, one of the most complicated taxes in the UK today," Webber said.

"He can start this by providing reassurance that rates bills next year will immediately reflect the lower rents we are seeing in the market now – providing incentives for businesses to keep or expand space and for property investors to invest in the sector across the UK."

Robert Hayton, UK president of real estate adviser Altus Group, said: "For a self-proclaimed low tax, pro-growth, pro-business government, it beggars belief that inaction on business rates could see the total tax take rise by £5.33bn next April with discounts for retail, leisure and hospitality ending as well as the government profiteering from high inflation."

UKHospitality CEO Kate Nicholls said: "Today's announcement includes a number of positive measures which will bear fruit in due course, but more is urgently needed to help struggling businesses survive through the winter. There's a clear shortfall between the positive tax plans and the lack of needed immediate business support."

HOW WILL RECORD LEVELS OF INFLATION IMPACT BUSINESS RATES?

"Potential business rates increase could see many businesses closing their doors"

If inflation stays at a high level, experts fear that business rates for commercial properties will rise in the next revaluation by over £2 billion.

Business rates specialists RVA Surveyors warned that if the UK's inflation rate stays close to its 40-year high, many businesses "will simply not be able to face" the increase in business rates that it entails.

Business rates are set at each revaluation for a period of time known as a rating list. The current rating list, running from the April 1, 2017, until the March 31, 2023, was extended due to the pandemic in an attempt to ease the burden on businesses.

Now with revaluation once more looming on the horizon, RVA Surveyors said business owners and leaders are increasingly nervous as to what another rise could mean for their businesses.

For future rating lists, the government has shortened the period of time it will cover. This, RVA Surveyors said, is an attempt to make business rates liability more in-line with up-to-date market rents; supposedly lessening the impact of sudden changes on businesses' outgoing costs.

According to statistics published by the Valuation Office Agency, by March 2022, less than 40% of businesses in England and Wales had reviewed their business rates - a number that is considerably low, when parliament found that, by January 2022, there were 1.9 million registered businesses in the UK.

The move to a three-year rating list is intended to lessen the impact of sudden changes in business rates, but with a predicted hike of up to 12% in the next revaluation, whether this will help is yet to be seen.

RVA Surveyors said these figures paint a picture of a wider business community that is either unaware, sceptical, or simply too busy with the current economic climate, to think of challenging their business rates.

"Business rates has seen an upwards-only trend for years, and it is past time for the government to step up and sort out an increasingly outdated tax system," Anthony Hughes, managing director at RVA Surveyors, commented. "We need to see from Truss's government that help for businesses is paramount in the coming days; not only to help businesses stay afloat, but to keep employment levels steady as well."

Hughes pointed out that businesses have been suffering from escalating overheads, and a potential business rates hike on this scale could see many businesses closing their doors.

"As bills continue to soar, and speculation as to when businesses will receive help from the government runs rampant, business owners and leaders must take steps to create savings where they can," he said.

COMMERCIAL PROPERTY VALUE 'COULD FALL 15%'

Commercial property values across the UK could fall by as much as 15 per cent by the end of next year as rising interest rates make financing deals more expensive and the risk of recession threatens to slow rental growth, an asset manager has warned.

The full impact of rising borrowing costs is yet to show up in official data, according to Nick Montgomery, Schroders' head of UK real estate investment, but transactional evidence shows that investors are becoming more cautious about how much they are willing to pay for some types of property.

The value of commercial real estate such as warehouses and central London offices has risen sharply over the past decade, which has compressed the yield generated for institutional investors by owning these assets. Commercial landlords make money when the rental yield outweighs borrowing costs.

"You need a higher yield to start with to compensate you for what we're seeing with rising rates," Montgomery said.

Five-year swap rates, used to determine finance terms for borrowers fixing debt, have risen to 3.60 per cent, from 2.45 per cent in August and 0.55 per cent in September last year. Based upon higher swap rates and a slowdown in consumer spending, property values are likely to be 15 per cent lower at the end of next year than they were at the end of last year, according to Montgomery, who manages the London-listed Schroder Real Estate Trust.

For types of property whose prices have risen the most, such as large warehouses let to Amazon, the cost of borrowing can be higher than the yield generated, which is "effectively leading to deficit financing", Montgomery said. However, there is unlikely to be the same wave of repossessions across the commercial real estate industry as during the 2008 financial crisis as loans as a proportion of commercial property values are much lower, he said.

The prospect of a continued decline in consumer spending, which could strain retailers' ability to pay higher rents or cause them to go bust, might cause shopping centres and high street retail property to fall even further, Montgomery added.

Property values have started to weaken as investors become more cautious. The yield attached to prime industrial property had risen to 3.75 per cent in July from 3.5 per cent in June and 3.25 per cent in May, according to data from the real estate services group Savills. This is "probably the fastest we've seen the market correct", according to Mat Oakley, head of Savills' commercial research team, representing a fall in value of 5-15 per cent.

THIRD OF HIGH STREET FIRMS MISS BUSINESS RATES RELIEF

The Government failed to support a third of high street businesses in England promised a discount on their business rates bills, according to new data.

Property specialists at Gerald Eve found that just 272,000 out of a promised 400,000 retailers, leisure and hospitality venues were able to claim a 50% discount on the commercial property tax announced at the last budget.

It comes as the industry experts warn that businesses could face a crippling £4.7 billion total increase in business rates next year without action.

The data comes from Freedom of Information requests to councils in England, asking them how many businesses in their area benefitted from the rates relief.

The business rates relief was handed to companies in sectors heavily impacted by pandemic closures to aid the recovery of the high street.

It means 128,000 missed out and has led to calls on the Government to ensure that any new support for businesses at the upcoming mini-budget is properly targeted.

The principal reason why only two-thirds of businesses have been able to access the 50% discount is that the former Chancellor placed a cap of £110,000 on the amount that each business can receive, rather than each property.

This means that retailers and hospitality operators with multiple sites cannot benefit other than for their first few properties.

UKHospitality is among industry bodies to call for a further business rates holiday as well as a VAT cut to help firms facing mammoth cost inflation and waning consumer sentiment in the update due on Friday.

Gerald Eve also called on the Government to extend the 50% discount next year to support businesses.

Without extending the support, retailers and the leisure and hospitality sectors – which were hardest hit from the Covid-19 pandemic – can expect their business rates bills to soar by £1.7 billion.

This is in addition to rates going up by the CPI inflation level for September, which economists predict could be around 10%, potentially adding a further £3 billion to the £30 billion tax.

Jerry Schurder, business rates policy lead at Gerald Eve, said: "The new Chancellor must avoid the mistakes of his predecessor when he announces support for businesses on Friday.

"Naturally, a lot of the attention will be on support for sky-high energy bills but there will be little point if those same firms see their business rates soar.

"In the 2019 manifesto, the Conservatives promised a fundamental review of rates and a reduction in the burden on the retail sector, but three years later, as good as nothing has been delivered.

"The new Prime Minister told businesses she wanted to intervene in reforming rates. Now she must deliver."

BRITAIN NEEDS BOLD PRO-GROWTH REFORMS. IT IS KWASI KWARTENG'S JOB TO DELIVER THEM NEXT WEEK

Next Friday will see the Chancellor, Kwasi Kwarteng, deliver a mini-Budget that will set the tone for the kind of government Liz Truss intends to lead. That is why it is imperative that it is bold and sticks firmly to the growth-promoting agenda the Prime Minister espoused in her campaign for the Conservative leadership.

Already, the Left is carping about a possible move to reverse the cap on bankers' bonuses. It is always easier to play class war than fix Britain's long-term, underlying economic malaise. So the Prime Minister and her Chancellor will need to be brave and pursue novel, even occasionally unpopular measures. They should take heart from the fact that orthodoxy and timidity have got us nowhere.

They should indeed scrap the bonus cap, as well as the rise in National Insurance and increase in corporation tax. A reworking of perennially unpopular business rates should also be considered. And if Mr Kwarteng really wants to signal the advent of a new pro-growth era, nothing would be better than unveiling now the reduction in income tax which Rishi Sunak had earmarked as a pre-election boon.

While the details of the cost of the huge energy bailout will attract short-term headlines, it is these other measures that may come to be seen, long-term, as most significant. For if Ms Truss's administration can finally solve Britain's growth problem, she will have succeeded where countless others have failed. The reward for doing so will be great: if everyone is getting richer, not only will few be bothered about bonuses one way or another, but she will also reap a political windfall of her own.

TRUSS WEIGHS UK BUSINESS RATES CUT FOR FIRMS IN ENERGY CRISIS

- Could benefit 200,000 companies, mainly in northern England
- Tory leadership front-runner said to be receptive of proposal

Liz Truss, the front-runner to be the UK's next prime minister, is weighing cutting business rates -- a form of property tax on commercial premises -- for small- and medium-sized companies to help shield them from soaring energy costs.

The measure is among a number of options being looked at as Truss scopes out how to protect companies and households from the UK's cost-of-living crisis, according to five people familiar with the matter, who asked not to be named because the plans aren't public.

The foreign secretary's team has held several meetings with industry lobby groups to discuss the idea over recent weeks, according to one of the people. Businesses suggested increasing the threshold for relief from the rates to properties with a so-called rateable value of £25,000 ($29,115) from £15,000, the person said. Truss was receptive of the idea, which would remove 200,000 companies primarily in Northern England from having to pay the tax, another person familiar said.

"A decision to take 200,000 SMEs out of the bottom of the tax would help the same businesses facing scary energy bills, while at the same driving growth," Craig Beaumont from the Federation of Small Businesses told Bloomberg. "It's a win-win and we're confident that something is coming."

Pressure is mounting on Truss and leadership rival Rishi Sunak to detail how they would help both households and businesses deal with soaring energy prices. Energy regulator Ofgem on Oct. 1 will raise its cap on average domestic bills to nearly triple last winter's level. Businesses aren't shielded by the price cap, causing them to consider drastic steps to help them cope with full exposure to the wholesale market.

Slashing rates is considered to be one of the easiest and most direct mechanisms available to help small businesses, and it's one industry groups have been calling for for some time. Last week, the Confederation of British Industry said business rates should be frozen and that inaction would lead to many viable firms falling into distress. Companies have long wanted the system reformed and the Treasury has had the tax under review for three years.

DOWNWARDS TRANSITION COULD COST RETAIL SECTOR £2.7 BILLION

Business rates experts at Colliers are urging the Government to remove fears of a cost of around £2.68 billion for the retail sector.

It said the expected cut to business rates bills for the sector in England will be significantly watered down by transitional relief - to the cost of around £2.68 billion over the three years of the new 2023 list. And the highest inflation rates since the early 1990s have been making the situation worse.

With August CPI announced today at 9.9 per cent and expectations it will be 11 per cent for September, Colliers, which has an office in Bristol, is urging the Government to announce it will pass on the expected reductions in business rates bills following the next revaluation in April 2023 immediately, rather than to phase them in slowly over the three years of the new list.

In the first commercial property revaluation since 2017, retailers who currently pay about £7.625 billion of the £26 billion tax are expecting substantial reductions in one of their biggest outgoings, since in most regions of the country rental values for the retail sector have fallen sharply in recent years.

However, as part of each revaluation, the Government decides whether to implement transitional relief, which phases in reductions and increases.

The retail sector overall has a total rateable value of around £15.8bn, which according to Colliers is expected to drop to around £12.64bn, following an estimated average 20 per cent drop in rents.

On paper this should mean that next year from April 2023 businesses in the retail sector should be paying around £6.46bn in business rates. Yet if phased reductions are introduced due to a downwards transition policy, Colliers estimate the sector will in fact pay around £8.1bn, £1.65bn more than they should be.

And over the three years of the list, retailers that should be paying a total business rates bill of £21.45bn will in fact be pay £24.13bn if downwards transition is introduced - an extra £2.68bn.

John Webber, head of business rates at Colliers, said: "We have been campaigning for the removal of downwards transition and have strongly made our arguments to Government in their recent consultation on the topic which closed in August.

"Many retailers have been battered in the last few years, and really need to see the reductions on their business rates bills immediately in 2023 - not phased in slowly. The sector is already coming under immense pressure following the energy crisis and high business rates could tip many over the edge.

"There is no downward transition in Scotland or Wales, so why is it considered sensible for England?

"It is essential the new prime minister take this issue seriously and provides reassurance that rates bills next year will immediately reflect the lower rents we are seeing in the market today."

INFLATION POINTING TO £2.66BN RATES RISE NEXT APRIL WITHOUT INTERVENTION AT THE EMERGENCY BUDGET

Prime Minister Liz Truss and Chancellor Kwasi Kwarteng are being urged to use the emergency budget, which could come as early as next week after the Queen’s state funeral, to scrap a rise in the business rates tax next April that is pegged to September’s headline rate of inflation.

CPI rose by 9.9% in the 12 months to August 2022 which, if repeated in September, would see non-domestic buildings in England such as shops, pubs, restaurants, factories and offices facing a £2.66 billion business rates hike during the 2023/24 financial year according to the real estate adviser Altus Group.

The distribution of the business rates tax is set through revaluations which periodically reassess and update tax liabilities to reflect changes in the commercial rental market. The next revaluation comes into effect on 1st April 2023 in England based upon an estimate of open market rents on 1st April 2021.

The Government say that this will help ensure that, where there have been shifts in economic activity which have driven changes in market values, these changes will be reflected in tax liabilities. But, despite the revaluation, overall business rates revenue for 2023/24 will still be increased by September's CPI measure of inflation.

Robert Hayton, UK President at Altus Group, said, "it would be unthinkable for a pro-business prime minister who campaigned to cut taxes to then hike business rates" adding "the time has come to end the ridiculous policy of annually increasing upwards rates revenue by inflation through a renewed focus on growth to drive local taxation revenues instead."

Whilst the new 'Energy Price Guarantee' for households and businesses is expected to curb peak inflation by 4 to 5 percentage points, the guarantee doesn't come into effect until 1st October.

Business rates are devolved to Scotland, Wales and Northern Ireland.

COST OF LIVING CRISIS: 'URGENT, SUBSTANTIAL ACTION' NEEDED TO KEEP FIRMS AFLOAT, CHANCELLOR TOLD

No date has yet been set for a fiscal event, but on Monday Liz Truss's official spokesperson promised the government still intends to hold it by the end of the month.

Hundreds of businesses are urging the chancellor to offer details about the support they'll receive with their energy bills.

The letter to Kwasi Kwarteng was signed by 300 companies and written by Kate Nicholls, the CEO of UK Hospitality.

It reads: "We welcome the support that has been given to households - including our customers and employees - and agree that more needs to be done.

"But businesses must see action too, or more of the population will need direct support. Working together we can keep people in work, able to pay their bills and support their families.

"We need a plan that cuts business costs, stimulates demand and tackles inflation - and we set that out below."

The plan calls for:

- A business rates holiday for all hospitality premises with no caps applied

- The deferral of all environment levies

- The reinstatement of a generous Time to Pay scheme from HMRC

- The reintroduction of a trade credit insurance scheme for energy

The letter adds: "Our sector is critical to our national economic and social recovery, but we need support - to guarantee jobs and wages, to ensure that businesses stay afloat and to preserve and grow our communities throughout the nation.

"At this time of crisis, we need urgent, substantial action."

Analysis accompanying the letter suggests that over 70% of businesses have seen their prices more than double since June, with 30% of companies having seen increases of over 400%.

It adds that three out of four businesses are no longer profitable following the change in energy prices and that one in five businesses is uncertain whether they will survive.

More than 60% are reducing staff hours, the study finds - with 50% cutting trading hours or reducing their offerings.

A "fiscal event" to set out government funding for a set of major interventions in the cost of living crisis is still due to take place this month.

It had been earmarked for mid-September before politics was largely put on hold as the UK entered the 10-day period of mourning for the Queen, which will last until her funeral on Monday 19 September.

No date has been set yet, but on Monday, Liz Truss' official spokesperson promised the government still intends to hold it by the end of the month.

However, there is a narrow window to schedule the fiscal event as the Commons will go into conference recess on 22 September, three days after the Queen's funeral.

There are currently no plans to amend that date.

Last week, Ms Truss announced that a typical household will pay no more than £2,500 annually for its gas and electricity from the start of October in an attempt to curb soaring energy bills.

In the first major policy announcement of her premiership, Ms Truss said the new price guarantee will last for two years and save the average household in England, Wales and Scotland £1,000 a year on future bills.

The same level of support will be provided to Northern Ireland, where a separate energy market operates.

The policy, which Downing Street believes will curb inflation by up to five percentage points and will be enacted through emergency legislation, builds on the £400 payment to households set out by former chancellor Rishi Sunak earlier this year.

Ms Truss added that a six-month scheme for businesses, schools and hospitals will provide equivalent support over the winter.

Further targeted support for specific industries like hospitality is set to follow after that, with a review in three months to decide which sectors should benefit.

However, there is currently no cap on energy costs for businesses and a specific figure on support has not been given due to differences in how the wholesale energy market operates compared to the retail market.

Mr Kwarteng is due to give specifics of how the plan will be funded during the emergency fiscal announcement.

But businesses want more clarity of what they could be likely to receive now as cost of living pressures continue to bite.

LIZ TRUSS UNDER PRESSURE TO REVEAL DETAILS OF ENERGY CRISIS PLAN

An emergency budget to bring in winter tax cuts for millions of people and set out more detail on energy handouts is expected late next week once the country emerges from national mourning.

Though politics has been paralysed by the death of the Queen, Liz Truss is under pressure from Tory MPs to set out her plans potentially on Thursday or Friday next week, before the Commons breaks up for party conferences.

The national mourning has completely overshadowed the announcement of the £150bn energy cap, and left Whitehall trying to finalise the details of any budget at the same time as organising the state funeral.

The new prime minister is planning to travel to the UN general assembly in New York in the days following the Queen's funeral, returning in time to sit alongside her chancellor, Kwasi Kwarteng, in the Commons as he delivers his fiscal event.

The timetable for the trip suggests that No 10 has given up hope of arranging a meeting for the new prime minister with Joe Biden at the White House. The US president and other world leaders are expected to travel to the UK for the funeral, but there will be no official bilateral meetings out of respect for the period of mourning.

A minute's silence for a "shared moment of national reflection" will be held at 8pm on Sunday 18 September, the day before the Queen's funeral on Monday 19, which will be a bank holiday.

Truss's spokesman said she was still planning to hold a fiscal event this month. The most obvious day would be Thursday 22 September, as parliamentary business has been postponed until after Wednesday 21 and Truss is likely to be in New York until then.

However, it could potentially be on the Friday if recess were to be delayed, buttressing the Labour party conference, which begins in Liverpool the following day.

At the mini-budget, the government is expected to confirm plans to reverse the recent rise in national insurance, even though it benefits higher earners the most, handing back about £1,800 a year to top earners while the lowest earners get around £7 a year.

Truss has already said she would ditch a planned rise in corporation tax, although there have been some suggestions that this may not come next week. Her team has also spoken to business groups about reforms to business rates and cuts to value added tax to help with the energy crisis, as well as a longer-term review of these taxes.

The government is also expected to outline further details of Truss's £100bn-plus emergency bailout for households to help with energy bills, following criticism that she hadn't said how the package would be funded. She has rejected Labour's calls for a windfall tax on energy giants despite public support.

Paul Johnson, director of the Institute for Fiscal Studies thinktank, has said the government will have to come up with a better version of the energy price guarantee next year because Truss's plan was "incredibly expensive" and "totally untargeted".

Truss is under pressure from her own party to set out her plans as soon as possible. David Davis, a Conservative MP and former cabinet minister, said "broadly speaking it was the right way to go" to hold an emergency fiscal event next week.

"The truth is the public thinks about politics less than 10% of the time. But this is different because this is about their own frightening winter bills, and I mean frightening," he said. "That's why it's such a high-political-purchase issue, and you can't leave it, because the point is to take people's worries away. The economics and the politics point in the same direction."

He said theoretically it would be preferable to have independent costings for the energy package alongside the fiscal event, but forecasts from the Office for Budget Responsibility and Bank of England have been so "erroneous" that it would be better to go ahead without them. "I would rather see reform to the forecasting method rather than just get rid of them, though," he said.

Former cabinet minister John Redwood said: "After mourning a much loved Queen and the state funeral, parliament should meet. The current plan for a long conference recess means a delayed return on 17 October. We need to tackle the cost of living crisis and energy shortage before then."

Parliamentary sources suggested that the conference recess, currently due to end on Monday 17 October, could be cut by one week to two weeks in length, so that MPs could get back to work at a time when the public are worried about the soaring cost of living.

No 10 said legislation would not be needed to bring in the energy support package for households as it would involve guarantees between the government and private energy suppliers. However, some legislation might be needed to enact support for businesses.

Truss is continuing to put her top team in place, with Simon Case set to keep his job as cabinet secretary after previously having been expected to be ousted.

Case, a former private secretary to Prince William, is believed to have impressed the UK prime minister during talks over forming a government and the energy support package.

Case's revived fortunes are markedly different from those of Tom Scholar, who was removed from his post of permanent secretary of the Treasury as one of the first acts of the Truss administration, provoking outrage in Whitehall.

SAVE THOUSANDS BY CHALLENGING COUNCIL TAX BAND - HALF A MILLION BRITS PAYING TOO MUCH

BRITONS have been making huge savings by challenging their council tax bills with some receiving refunds worth thousands of pounds.

Almost a third of people who challenged their council tax band last year were successful. Moving to a lower council tax band could mean savings of hundreds, or even thousands, of pounds. Almost half a million people (400,000) are thought to be paying too much council tax because they're in the wrong band.

As people struggle to make ends meet during the cost of living crisis, thousands could check their council tax band to see if they are in the correct band.

Government statistics show that nearly a third (29 percent) of people who tried to get a reduction to their band between 2021 to 2022 were successful.

Financial journalist Martin Lewis has been campaigning on this issue for years in an attempt to help people make savings.

He recently wrote: “It's more important than ever therefore to check you're paying the right amount of council tax, whether that's because you're in the wrong band or simply not claiming a legitimate discount."

Mr Lewis continued: “Thousands have tried and succeeded, and payouts or discounts worth £100s or £1,000s are commonplace.”

In 2020, one man challenged his band and saved himself and his 29 neighbours tens of thousands of pounds, according to MSE.

However, it comes with a warning.

If the council finds people should be in a higher band they could end up paying more council tax so it's worth doing a bit of research beforehand.

How to check council tax band

People can check their council tax band by using the online tool at Gov.uk.

For properties in England and Wales, people need to submit their challenge to the Valuation Office Agency (VOA).

They will usually review the band and decide whether to agree to the challenge.

Meanwhile, millions more people could cut their council tax bill by hundreds per year even if they are in the right band.

Almost three million people (2.7 million) are losing out on billions of pounds in council tax support according to charity Turn2Us - which works out at £938 per person.

Reductions could be anywhere between 25 and 100 percent depending on their circumstances.

Britons who live on their own could get 25 percent off their bill depending on their income and savings.

However, it’s not just single adults who might qualify - in total 10 groups of people are disregarded from paying Council Tax bills:

- under 18 years old
- on certain apprentice schemes
- 18 or 19 years old and in full-time education
- a full-time student at college or university
- under 25 years old and get funding from the Education and Skills Funding Agency
- a student nurse
- a foreign language assistant registered with the British Council
- severely mentally impaired
- a live-in carer for someone who is not their partner, spouse, or child under 18
- a diplomat.

BUSINESS RATES, ENERGY BILLS, COST OF LIVING – AND AN END TO UNCERTAINTY – AMONG RETAIL INDUSTRY PRIORITIES FOR INCOMING PM

Business rates, energy bills and the cost of living are among the priorities for retail industry bodies as they call on the new Conservative Party leader Liz Truss for action now that she has taken over as Prime Minister. At the same time, they are calling for clarity and an end to the uncertainty around UK government policy since Boris Johnson resigned as Prime Minister in July.

The retail point of view

Helen Dickinson, chief executive of the British Retail Consortium, says Truss must “demonstrate strong leadership as the cost-of-living crisis deepens. Retailers continue to play their part, keeping prices as low as possible and helping households by offering discounts to vulnerable groups, expanding value ranges, raising staff pay, and offering reduced-cost or free children’s meals. The retail industry is ready to work with the new government to shore up consumer confidence and help deliver economic growth.

"Businesses need clarity on the government's intentions as soon as possible so they can understand the inflationary impact of any policy decisions. One immediate way the Government can help retailers support their customers is to freeze the business rates multiplier for all retail businesses for the next financial year, protecting the industry from rates increases linked to inflation, and giving greater scope to hold down prices, protect jobs, and support the economy."

Dee Corsi, chief operating officer of the New West End Company, which represents 600 businesses operating in London's West End, says the organisation looks forward to working with Truss and her cabinet to rebuild trade in the area. Corsi adds: "As the country leans into harsh economic headwinds, it is crucial that the new Prime Minister and her wider Government prioritise measures that unlock business growth – namely a fundamental review of business rates, the reinstatement of tax free shopping and a re-evaluation of the UK visa system."

Chris Brook-Carter, chief executive of industry charity the Retail Trust, says: "The UK retail sector is the single largest employer outside of the public sector and the largest employer of young people in the whole country. As such, we at the Retail Trust believe that we need and deserve to see much clearer leadership from government around the big structural issues that have caused the retail industry so much pain over the last five to 10 years and people working in the sector so much uncertainty.

"That includes everything from supporting lower paid workers and smaller retail businesses who are being disproportionately affected by rising energy bills and the cost-of-living crisis to finally sorting out the business rates issues and helping high streets around the country adapt to the new paradigms that are governing whether they can be successful or not. This also means easing planning laws so that we can see more residential come back into city centres and town centres to create more vibrant communities for retail and other businesses to thrive as well."

The markets analyst perspective

Walid Koudmani, chief market analyst at financial brokerage XTB, offers his perspective on uncertainty that has affected the markets since Truss' win was announced yesterday. "It's pretty clear there is a degree of nervousness amongst UK investors to her premiership," says Koudmani. "We already know she wants to initiate £30bn worth of tax cuts and borrow more to plug the hole in funds. Moreover, it's looking more likely that as new PM, she will freeze energy bills to help contain the spiralling cost of living crisis. This would help to tame inflation but it will come at significant cost to government finances which will likely be paid for by more borrowing. This has led to inevitable concerns about the state of the UK economy and its public finances. UK debt now stands at 96% of GDP which is the highest since the 1960s. To make matters worse, with interest rates rising globally to slow rapid inflation, servicing debt has become more and more expensive. So there is certainly a degree of uncertainty over the economic plan under PM Liz Truss. This is why investors are selling out of the GBP aggressively and why UK bond yields are racing higher.

"Of course, now that Truss has won the premiership, we might see a different Truss to the one campaigning to become Conservative leader. This might mean her policies could be toned down somewhat and if we start to see moves such as this, it will likely make investors more comfortable."

UKH URGES NEW PM TO 'ACT QUICKLY AND DECISIVELY' TO SAVE SECTOR

UKHospitality has urged the new prime minister to act "quickly and decisively" in order to save the sector in the face of increasing costs due to the energy crisis.

The news comes as Liz Truss was confirmed as the new prime minister after beating former chancellor Rishi Sunak in the Conservative Leadership race to replace Boris Johnson.

Kate Nicholls, CEO of UKHospitality, said: "Congratulations to Liz Truss on her election as the new leader of the Conservative Party and our prime minister. We very much look forward to working closely with her and the new Cabinet in the coming weeks, as we strive to save the hospitality industry, which is experiencing crushing cost rises.

"The new Government must act quickly and decisively to address the soaring energy bills that are facing consumers and businesses."

She added: "With the right package of support – including a reduction in the headline rate of VAT for the sector to 12.5%, a business rates holiday, the deferral of all environmental levies, the reinstatement of a HMRC Time to Pay scheme and the reintroduction of a trade credit insurance scheme for energy – the sector will be well placed to aid growth through generating jobs and local investment.

"Pre-pandemic, our industry spent £10bn a year in high-street regeneration and employed 3.2m people but with energy bills for hospitality businesses rising 300% on average – and as high as 750% in some cases – we desperately need a package of support put in place if we are to be able to play our part in the UK's economic recovery and growth."

UK COMPANIES SET TO BACK LIZ TRUSS BUT WORRY HOW PLANS WILL BE FUNDED

CEOs ready to work with Tory frontrunner despite concerns over how tax cuts and support packages will be financed

Britain's corporate leaders are preparing to back Liz Truss after she promised to be a "pro business" prime minister, but have raised concerns over the risk to the economy from unfunded plans to tackle the cost of living crisis.

In the early weeks of the Tory leadership battle, many business chiefs were hoping that Rishi Sunak would take over as prime minister, and saw him as the safest pair of hands for the economy. Since then Truss has won over some of these doubters with a series of promises made at hustings events, including tax cuts and regulatory reforms.

"Truss looks like the first prime minister in three who could be pro-business if she wins," said one former Sunak-supporting business leader, who pointed to her clear plans for cuts rather than the "fiddling" with more complicated sets of deductions to offset rising taxes.

"Rishi seemed to be anti-business at the hustings in comparison," the business chief added.

With Truss now favourite to win the Conservative leadership election, business groups are already seeking to establish working relationships with the new government.

Michael Spencer, founder of interdealer broker ICAP and Tory donor who was handed a peerage by Boris Johnson in 2020, agreed that Truss would be the "first genuinely pro-business prime minister since Cameron".

Miles Celic, chief executive of financial services lobby group TheCityUK, pointed to Truss's record in bringing business leaders into the decision-making at the Department for International Trade. "DIT was very good at hardwiring business views into policies."

But business chiefs are also wary of "jam tomorrow" promises by Truss to win over Tory voters, and many said they were concerned about how her pledges of tax cuts and support packages would be funded. Sunak's campaign team has attacked the foreign secretary for promising billions in unfunded tax cuts.

Roger Barker, head of policy at the Institute of Directors, which supports cuts to national insurance, business rates and corporation tax, said: "Business also wants to see the economy carefully managed. These are problematic taxes but to be credible the government would need to show what is coming in to fund or replace them."

Executives also urged the next government to take action to restrain inflation, with many fearing that cutting taxes while providing support for soaring energy costs would result in higher government borrowing and a toxic mix of further price rises and a weaker pound.

Win Bischoff, chair of JPMorgan Securities, warned that "inflation needs to be dealt with before its pernicious nature of embedding itself long term takes hold".

He added: "A long-term tax policy needs to be at least debated. Short-term borrowing may have to rise, but a credible means of repaying the perhaps necessary excess to finance energy costs will have to be found."

Truss has said that she will reverse the recent increase in national insurance and ditch a planned rise in corporation tax. Her team has also spoken to business groups about reforms to business rates and cuts to value added tax to help with the energy crisis, as well as a longer-term review of these taxes.

The foreign secretary has also pledged a "business revolution" that would include policies such as a reform of IR35 tax rules for self-employed workers.

Craig Beaumont, chief of external affairs at the Federation of Small Businesses, carried out a review of the candidates' policy commitments at the start of the leadership contest and found Truss had a more clearly defined set of pro-business plans.

"We kept pushing and waiting for Sunak to catch up during the hustings, but he never did," said Beaumont. "Truss has talked about supporting business in most of her hustings — and especially seems to have small business in mind," he added.

With spiralling costs threatening many small companies, other business chiefs agreed that helping out struggling firms needed to be Truss's priority.

Amanda Blanc, chief executive of insurer Aviva and a member of the FT City Network of financial services chiefs, said that "immediate and meaningful support for millions of small businesses is among the most pressing priorities for the new PM".

"They are the bedrock of the UK economy and are facing a punishing combination of rising costs and weak consumer confidence which will send many of them to the wall without intervention," she added.

Truss has pledged to provide help on energy costs for households and businesses, but has yet to provide any details. The British Chambers of Commerce last week proposed a plan that included an emergency energy grant for SMEs, a temporary cut in VAT to 5 per cent and the reversal of national insurance increases.

Alex Veitch, director of policy at the BCC, said comments made by Truss were "encouraging" given her focus on reducing costs for small businesses, adding that campaign promises needed to be turned into "practical action".

Douglas Flint, chair at Abrdn, said there needed to be "immediate support on energy costs for both individuals, families and businesses".

Truss has also courted bosses in the City of London, and last month attended a meeting at Aviva's office with companies including BlackRock and Legal & General organised by former investment minister Lord Gerry Grimstone, who is tipped for a position in a Truss government.

In an interview with City AM newspaper last week she pledged to "empower the City to drive economic growth" through tax cuts and deregulation, and described the Square Mile as the "jewel in the crown of the UK economy".

She has also promised to reform Solvency II and Mifid regulations to encourage investment from large UK insurers.

The Financial Times reported last month that Truss would review the role of the various City regulators as part of a wider push to cut red tape. Although many in the Square Mile are wary of deregulation for its own sake, financial services chiefs believe new sets of rules will encourage investment.

"Updating financial regulation is long overdue," said Blanc. "Effective reform of rules will enable UK insurers like Aviva to play an even bigger role in supporting the UK economy, investing more in the country's essential infrastructure and renewable energy."

Truss has promised to "hit the ground running" with an emergency Budget soon after taking office, and business chiefs urged her to boost confidence in the UK by setting out her economic and business priorities.

Alison Carnwath, former chair of Land Securities, said she hoped "for a clear agenda on tax policy, energy policy, foreign policy and economic policy. A state of the finances of the nation would be useful".

She added: "It is vital that business remains motivated to innovate and invest and that overseas investment can rely on a welcoming business environment."

ICELAND BOSS PLEADS WITH NO 10 FOR RADICAL ACTION ON COST OF LIVING CRISIS

Richard Walker says the 'half-baked' responses touted by Liz Truss and Rishi Sunak won't meet scale of needs

One of Britain's major retailers has contacted No 10 directly with a plea to prepare an immediate and radical cost of living package, amid warnings that broad help for businesses and direct cash aid will be needed to ease runaway energy costs.

In an interview with the Observer, Richard Walker, the managing director of frozen food retailer Iceland, said he had contacted Downing Street out of concern that the "half-baked response" touted by the potential successors to Boris Johnson would fail to address the scale of people's needs.

Walker warned that a plan mooted by Tory leadership frontrunner Liz Truss to cut business rates for small- and medium-sized companies would not meet the size of the challenge.

"This is absolutely urgent," Walker said. "I'll happily share our data and findings with [the business department] and with the Treasury. Let's get a plan up and ready for whoever the next prime minister is, because it really is urgent. Where markets dislocate completely, like they have with the energy markets, it's time for the government to step in, otherwise what are they for?

"My fear is that they'll do a half-baked response. I read that Liz Truss is thinking of further rate relief for small businesses. That's lovely, but it won't even touch the sides. What they need to understand is [this affects] big business as well as small, because it's exactly the same trouble we're in – there's just more jobs at stake."

It comes amid a warning that, by April, the proportion of people spending more than a fifth of their net income on energy will increase from 32% to 45.9%. Researchers at York University say that 91% of pensioner couples and 90% of couples with three children will be spending more that 10% of their net income on fuel by then. The estimates take account of the £400 discount that is being paid to all electricity customers between October and April next year.

Truss has said she does not believe in "giving out handouts", preferring to cut taxes to ease the burden on families. However, with mounting evidence that big interventions will be needed to help households through the winter, Kwasi Kwarteng, the business secretary who is expected to be Truss's chancellor, has said "help is coming" to deal with the energy crisis.

Walker has access to No 10 as a member of its business council. He said Iceland stores, which operate in the discount end of the market, were a "barometer of Britain" and were already offering interest-free loans to customers.

Walker said his father, Malcolm, who founded Iceland in 1970, had told him he had never seen a time when households faced such great pressures on living costs. "Even Dad said he's never known it like this," he said. "He's told me a lot about retailing in the 70s with the oil price shock, but that was just one element. If you look at it now, we've got commodity prices going up, inflation, labour shortages. We've got tariff issues, we've got energy bills. It's everything at once."

He called for an energy cap for all businesses, huge longer-term reforms to the energy market and direct help for vulnerable households. "The consumer price cap isn't working.

Those who really need it the most – some of our customers who have got £25 a week to spend on food – they will need direct financial support. That's obvious.

"But the way for governments to support consumers is also to support business, because unless they do, it will lead to job losses and further inflation. We've got suppliers coming to us now saying, 'this isn't a negotiation. You have to accept this price increase, or else I'll just have to close my business'."

It comes amid suggestions that Nadhim Zahawi, the current chancellor, has been drawing up options for whoever is announced as the new Tory leader and prime minister this week. Many Tories expect a "big bazooka" to be aimed at the energy crisis, despite the reluctance of Truss to commit to specific measures so far.

With warnings over the extent of the crisis rising as autumn approaches, Zahawi said last week failing to intervene in the crisis could force many companies over the edge and lead to economic "scarring" with longer-term consequences. He also insisted that Truss would "deliver help" if elected, as expected.

Whether it is Truss or Rishi Sunak who win the Tory leadership, the next prime minister will come under immediate pressure from opposition parties to announce radical proposals, with Commons votes over blocking higher energy bills already planned. "The country is facing a social catastrophe the likes of which we've not seen in decades," said Lib Dem leader Ed Davey. "The lack of action from the Conservative government in the face of this impending disaster is simply unconscionable.

"Liberal Democrats have drafted a bill to freeze energy bills, which could be brought in as soon as the new prime minister is in place. Liz Truss or Rishi Sunak must make it their first act to cancel this eye-watering energy price rise, to save millions of families from being plunged into poverty this winter."

ENERGY GROUPS CALL FOR COVID-STYLE SUPPORT FOR UK BUSINESS AS BILLS SOAR

Lobby group urges government to aid small companies and warns price rises threaten closures and job cuts

Energy companies, including Shell, Centrica and Ovo, have called on the UK government to introduce Covid-style support schemes to help businesses cope with soaring gas and electricity bills.

In a letter to chancellor Nadhim Zahawi on Friday, industry lobby group Energy UK, which represents about 100 suppliers and retailers, said it was concerned that the tenfold rise in wholesale gas prices compared with the start of 2021 would affect the "viability of small businesses", as well as local authorities, schools, leisure centres and hospitals.

The group urged the government to introduce grants similar to the £45bn paid through local authorities during the coronavirus pandemic, a Treasury-backed loan scheme and exemptions from business rates. It also called for value added tax to be removed from energy bills.

Dan Alchin, Energy UK's director of regulation, said: "The government helped support businesses through the pandemic and sadly this current crisis is of a similar magnitude for many of them — threatening closures, job cuts and higher consumer prices.

"Having worked so hard to get so many of these customers through one crisis, we need to do everything possible to avoid losing them to this one."

Although households are protected from sudden swings in the wholesale cost of gas by a price cap, there are no such measures for companies.

Many companies have been protected so far by long-term energy contracts, which are due to be renegotiated this month. Some are struggling to find deals.

MPs have become increasingly aware of the potential impact of an "iceberg" of rising energy bills on businesses in months ahead.

Foreign secretary Liz Truss, the frontrunner to become the next UK prime minister, has shifted from a laissez-faire position of "no handouts" to promising to help both households and companies cope with the energy shock.

Zahawi is drafting a suite of proposals to support companies through the imminent crisis, including cuts to VAT and business rates, as well as specific tax breaks for energy-intensive industries.

He told The Times on Friday that failure to act could force many companies into bankruptcy and cause long-term economic "scarring".

The British Chambers of Commerce on Friday urged the government to draw up a "comprehensive plan" to help companies weather the crisis, including Covid-style emergency grants, a cut in VAT on energy bills and increased regulation of the energy market for businesses.

"Time is fast running out, the government must step up to the plate and do what is needed to protect businesses, livelihoods and jobs," said Alex Veitch, BCC's director of policy and public affairs.

Mathew Lawrence, director of the Common Wealth think-tank, welcomed the calls to support business but described the measures recommended as a "temporary fix that do little to address a failing market".

"Some of these companies calling for support to business are making substantial profits themselves during the current crisis, raising questions as to why they can't dip into their own pockets," he added.

In a statement, the Treasury said: "We understand that people are struggling with rising prices, and while we can't shield everyone from the global challenges we face, we're supporting British businesses to navigate the months ahead."

The government has increased the employment allowance, cut fuel duty, introduced more business rates relief for the retail, hospitality and leisure industries and frozen the business rates multiplier, the Treasury said.

"We are also making the necessary preparations to ensure a new government has options to deliver additional support as quickly as possible," the Treasury added.

LIZ TRUSS PLAN FOR BUSINESS RATES CHANGES 'FALLS FAR SHORT OF WHAT IS NEEDED', LIKELY NEXT PM IS WARNED

Changes to business rates reportedly being planned by Liz Truss will not go far enough to shield companies from soaring energy prices, the likely next Prime Minister has been warned.

It has been reported by Bloomberg that Ms Truss is considering raising the threshold for relief from business rates raised from the current rateable value of £15,000 to £25,000 – a move that her team believe would help around 200,000 businesses. The idea has been described as a "win-win" by the Federation of Small Businesses.

But Jerry Schurder, Business Rates Policy Lead at real estate advisory business Gerald Eve, which has offices in Leeds, said that figure appears to be a considerable over-estimate and questioned whether the potential support will go far enough.

Mr Schurder said: "Any cut to business rates is of course welcome, but this proposal falls far short of what is needed by businesses to help them weather the cost-of-living crisis. Without fundamental changes to the way Small Business Rates Relief (SBRR) operates, only about half of the mooted 200,000 businesses would actually benefit from relief – with many more small businesses receiving no relief at all.

“This is because under the current system of SBRR only businesses with a single property in England qualify for relief. So small businesses which occupy two or more properties currently pay full rates and this would continue even if the threshold for SBRR is increased.

"There are presently 1.43 million properties in England with rateable valuables below £15,000 but only around 750,000 currently receive SBRR – the remainder being ineligible under the ‘only one property in England’ rule. By raising the threshold to £25,000 you include more businesses, but without changes to the eligibility criteria only those with a single property will benefit, leaving out operators with multiple sites.

“Moreover, an increase in the threshold to just £25,000 means many genuine SMEs that occupy properties with higher rateables values would miss out. Businesses that occupy larger properties, including restaurants and pubs, will be in need of support also. There are 13,087 smaller pubs and restaurants in England with rateable values between £25,000 and £50,000 who would get no rates support if the scheme was limited to a £25,000 threshold as suggested.

“Meanwhile, for those businesses that do qualify for the relief, the actual savings may be relatively insignificant when compared to their rising costs. Under the proposal, the maximum rates cut for a business with a rateable value of £25,000 is £12,475. But many small businesses are facing substantially larger energy bill increases. The next prime minister will have to go much further than this proposal if we are to prevent a tsunami of small business failures this winter.”
