

18 February 2026

Dear Sir or Madam,

London Chamber of Commerce and Industry response to the Business Rates and Investment: Call for Evidence

I am writing to you on behalf of the London Chamber of Commerce and Industry (LCCI), the capital's largest independent business advocacy organisation, which serves to connect, support and champion the interests of over 11,000 London businesses.

In addition to providing a range of services, our members rely on us to advocate on their behalf in the most important policy forums that shape the operating environment for London's businesses. Given this mandate, we welcome the opportunity to respond to the Government's call for evidence on business rates and investment.

The Impact of Business Rates on Investment Decisions

Our members, from multinationals to SMEs, consistently note that business rates are a significant factor influencing investment decisions. Recent LCCI research shows that 95% of London business leaders are concerned about the impact of tax rises, with 50% anticipating reduced investment as a direct consequence.¹

While schemes such as the Improvement Relief² and targeted relief for pubs and music venues announced by the Treasury in early 2026³ are welcome, the very fact that these schemes exist is acknowledgement of the significant burden that business rates place on many firms.

Increases in rateable value resulting from property development or refurbishment may discourage investment, particularly where future liabilities are uncertain.⁴ This is especially acute in London, where business rates are among the highest in the country and weigh heavily on property-intensive

¹ London Chamber of Commerce and Industry, [9 in 10 London firms believe the Autumn Budget will hold businesses back](#), 18 November 2025

² HM Treasury, [Policy Paper: Transforming Business Rates: Interim Report](#), 17 September 2025

³ HM Treasury, [Pubs and Live Music Venues Relief](#), 27 January 2026

⁴ London Chamber of Commerce and Industry, [Comment on the Upcoming Autumn Budget 2025](#), 6 November 2025

33 Queen Street, London EC4R 1AP E: press@londonchamber.co.uk W: londonchamber.co.uk

A Company Limited by Guarantee. Registered in England No. 15993. Registered Office: 33 Queen Street, London EC4R 1AP

sectors such as retail, hospitality and leisure, given the long-term nature of property acquisition and leasing. Where firms report reconsidering expansion plans due to anticipated higher liabilities, wider economic benefits may also be reduced, including trade, international investment and skilled employment opportunities.

LCCI recognises that the current occupier liability model provides a clear and administratively simple approach. However, occupiers often have limited control over property improvements or development decisions that may drive increased rateable values. Greater consideration could be given to mechanisms that better align liability with decision-making power, while ensuring that any changes do not introduce additional administrative complexity or disincentivise property development.

Stability, Predictability and Administrative Simplicity

To support investment, businesses consistently call for greater stability, predictability and simplicity in the administration of the business rates system. A stable and predictable tax environment is essential to encourage firms to invest, export and create jobs. The complexity within valuation methodologies, including receipts and expenditure approaches used in sectors such as airport operations, can make rateable values difficult to forecast and therefore create additional investment risk.

Improved transparency where the Valuation Office (VOA) publishes their methodologies, clearer guidance, and earlier communication of valuation assumptions would support more effective business planning.⁵ Additionally, to simplify the billing and refund processes, consideration could be given to issuing all bills electronically following a standardised format across all billing authorities. To further lessen the burden of administrative tasks, the *Check, Challenge, Appeal* process should be easier to navigate with caseworkers assigned to Checks/Challenges to quickly fix errors through discussion rather than through a complex online submission process.

Supporting Incremental Investment

There is interest in exploring a slice-based system where only the proportion of property value above a threshold is taxed at higher rates.⁶ Such an approach could support incremental investment by

⁵ HM Treasury, [Policy Paper: Transforming Business Rates: Interim Report](#), 17 September 2025

⁶ HM Treasury, [Policy Paper: Transforming Business Rates: Interim Report](#), 17 September 2025

reducing cliff-edge effects associated with rateable value thresholds. This could incentivise improvements such as productivity-enhancing upgrades, digital infrastructure, and sustainability-related refurbishments. However, it would be valuable for such a system to remain simple to administer and to not create new forms of uncertainty or unintended distortions between sectors or property types.

International Competitiveness and Alternative Models

Internationally, countries often provide more stable and predictable property tax environments, supporting long-term investment decisions. OECD data show that the UK raises more in property taxes as a share of GDP than any other OECD country, indicating a comparatively high property tax burden relative to international competitors.⁷ Ensuring that England's business rates remain competitive is essential given London's role as a global commercial centre and driver of national economic growth. Without a supportive fiscal environment, there is a risk that London's economic performance may stagnate,⁸ with wider consequences for UK competitiveness, trade and job creation.⁹

Given this context, reform of the business rates system is necessary to ensure that the UK remains an attractive place to invest. In contrast to the UK's heavy reliance on property-value-based business rates, several European economies combine property taxation with taxes linked more directly to business activity. For example, France has operated a value-added-based local business tax (CVAE),¹⁰ and Italy levies IRAP, a regional tax based on productive value rather than property occupation.¹¹ These models illustrate alternative approaches that link elements of business taxation more closely to economic performance, potentially reducing disincentives to invest in physical premises.

Case Study: UK Out-of-Home Advertising Infrastructure

To support our arguments above, we set out a case study of a leading infrastructure and media business operating in the UK Out-of-Home (OOH) advertising industry:

- The business supplies local authorities with street furniture, predominantly in the form of bus shelters coupled with cleaning and maintenance services.

⁷ House of Commons, [Tax Statistics: an overview](#), 16 January 2026

⁸ London Chamber of Commerce and Industry, [LCCI reacts to the government's Spending Review](#), 11 June 2025

⁹ London Chamber of Commerce and Industry, [LCCI Comment on the Chancellor's Mansion House Speech](#), 16 July 2025

¹⁰ Ministère de l'Économie, [Qu'est-ce que la cotisation sur la valeur ajoutée des entreprises \(CVAE\)?](#), 20 January 2026

¹¹ Invest in Italy, [Taxation](#)

- This upfront and ongoing investment in the bus shelter infrastructure is funded by advertising rights granted by council on the shelters themselves. Given the levels of investment required, the typical agreements with councils last 15 years. For every £1 of advertising income generated, 46p is reinvested directly back into the local community in form of infrastructure, rent, taxes, employment and services.
- This company is liable for business rates across every advertising panel they operate and, with revaluation cycles scheduled for every three years, they face five revaluations on average over a typical contract term leading to a constant increase of their business rates costs. There is also very limited visibility on future valuations by the Valuation Office (VOA), meaning they must hedge future costs in their economic models with no certainty of those representing the correct figures.
- Additionally, business rates are inconsistently applied across the OOH industry resulting in an uneven playing field.
- Consequently, the company providing this case study has to reduce their investment in infrastructure (such as street furniture, refurbishing existing assets or introducing sustainable innovations), the income streams they can offer to Councils, social value initiatives (like playgrounds, defibrillators, and air quality sensors), and local employment opportunities.

Overall, London firms are ready to invest, expand and support economic growth but require a business rates system that supports rather than constrains investment decisions.¹² Reform should prioritise stability, transparency, predictability and competitiveness, ensuring that the system reflects modern business models and supports long-term economic growth.

LCCI would welcome further engagement with Government as policy proposals develop and would be pleased to facilitate direct engagement with our members to provide additional sector-specific insight.

Yours Sincerely,

Karim Fatehi OBE

Chief Executive Officer

London Chamber of Commerce and Industry

¹² London Chamber of Commerce and Industry, [9 in 10 London firms believe the Autumn Budget will hold businesses back](#), 18 November 2025