THE TIMES

BUSINESS

Ashley steps up attack on business rates

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Mike Ashley has renewed his campaign to secure a meeting with Boris Johnson to discuss the reform of "crippling" business rates.

The retail tycoon has warned the prime minister of "disastrous consequences" for jobs if the government fails to act.

"We believe that the exchequer is putting the jobs of a significant percentage of the UK workforce at risk," Mr Ashley, 55, wrote in a letter to the prime minister with Chris Wootton, 40, chief financial officer of Mr Ashley's Frasers Group.

They cited the thousands of job cuts announced by retailers such as John Lewis and Marks & Spencer and warned of more problems for the high street.

"Other businesses are entering insolvency from which they cannot feasibly return due to the crippling impact of business rates. Without change these businesses will simply disappear. We believe the government can and should act now," they wrote.

Mr Ashley and Mr Wootton requested a ten-minute meeting or call with the prime minister "at any time of the day or night, to discuss the issue of business rates and potential solutions".

Business rates are collected on commercial property and are linked to the underlying value of premises. The tax is widely regarded as outmoded because it penalises companies that need a presence in town centres, where values are higher, resulting in them paying more in rates than online and out-of-town rivals. Rates bills are based on property values from April 2015.

The government said in July that it would delay a revaluation for the tax until 2023 to "reduce uncertainty for business". Tax experts have said that the delay means businesses face paying rates bills that do not take into account a decline in property values caused by the pandemic and increased competition from online retailers.

The

Frasers Group
includes Sports Direct, Game Digital, Jack Wills and the House of Fraser department stores. The company has said there will be more House of Fraser closures as a result of the government's decision to delay a review of business rates.

The Treasury has issued a "call for evidence" over a review of business rates and introduced a 12-month rates holiday for retail, leisure and hospitality properties until the end of March 2021. However, pressure is increasing for the relief to be extended.

The New West End Company, which represents 600 retail, hospitality and property businesses in London, has written to Rishi Sunak today, urging the chancellor to extend the holiday for London's international centres, which are taking longer to recover footfall and sales because of travel restrictions.

“As many tenants have renegotiated leases and rents with their landlords, business rate levels have absolutely no link either to economic performance or to rental values in the West End and are now one of businesses’ highest costs,” Sir Peter Rogers, chairman of the New West End Company, said.

“The reintroduction of business rates in April 2021 will be a final blow for many businesses already struggling to meet costs as they await the return of international and domestic visitors and larger numbers of people back in their offices. The result will be more store closures, many more job losses and the resultant loss of business rate income and tax for the Treasury.”

Almost half of the £10 billion annual spending in the West End before the crisis was by overseas travellers. The area has also been badly affected by the slow return of domestic workers to offices. Footfall remains at below 40 per cent of its former levels, compared with about 70 per cent across the UK.

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