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Colliers Call for Evidence Submission: Non-Domestic Rating (Multipliers and Private Schools) Bill

Introduction

Colliers welcomes the Government's recognition of the need to address long-standing challenges in the business rates system. However, we believe the Non-Domestic Rating (Multipliers and Private Schools) Bill introduces measures that, if not properly refined, will bring with them a series of unintended consequences that will further hamper the ability of the business rates system to generate revenue in a sustainable manner for the Exchequer.

These proposals appear unnecessarily rushed, especially considering that they only need to take place by April 2026 (the time of the next revaluation). Insufficient consultation has been conducted with key stakeholders, which risks introducing inequities and uncertainties into a system already under strain. It does not make sense to rush this legislation through Parliament before the Transforming Business Rates team has concluded its consultation period, due to end in March 2025. Below, we outline specific areas of concern and offer recommendations for improvement.

Commentary on the Bill

Business rates must be reduced over the long-term

The Bill maintains the standard business rates multiplier at a level that remains one of the highest in Europe, while introducing the scope to increase it by up to an additional 10p in the pound. Currently set at 54.6p in the pound (to increase in April 2025 to 55.5p), the multiplier creates significant financial burdens, particularly for sectors with high property costs.

We strongly advocate for a roadmap to gradually reduce the UBR to a more sustainable level, ideally 35p in the pound for all properties. This would align the UK with international benchmarks, reduce financial pressures, and encourage investment, innovation, and growth. The resulting economic stimulus would be likely to offset any short-term revenue loss for the Exchequer through expanded business activity and a broader tax base.

No Rateable Value caps for beneficiaries

The Bill introduces a lower multiplier for Retail, Hospitality, and Leisure (RHL) properties, but only for those with a rateable value below £500,000. While this measure aims to support smaller businesses, it unfairly and arbitrarily excludes larger properties, whose occupiers would be charged a higher rate than they are paying presently.

This distinction does not address the Government's campaign commitment to rebalance the burden away from the high street towards online giants. Excluding these properties risks

undermining the viability of larger businesses. We recommend reconsidering this cap, as the failure to do so will deter larger companies from doing business in the UK and negatively impact the Exchequer's tax take.

Introducing more complexity will empower rating cowboys

The Bill's increased complexity, particularly in its provisions around discretionary multipliers and the Treasury's power to define retail, hospitality, and leisure hereditaments, risks creating fertile ground for rating cowboys. These cowboys use the complexity of the business rates system to their advantage by preying on smaller business owners' difficulty in navigating it.

These operators exploit businesses' lack of understanding of the rating system to offer misleading advice, often charging exorbitant fees for unsubstantiated claims of securing rate reductions. By introducing new layers of complexity without adequate safeguards, the Bill could unintentionally exacerbate the activities of such intermediaries.

Rating cowboys not only undermine the integrity of the rating system but also place undue financial and administrative burdens on businesses, especially SMEs, which are most vulnerable to these predatory practices.

Colliers urges the Government to incorporate measures that protect businesses from exploitation, such as:

- **Tightening regulations on rating advisory services** to ensure transparency and accountability.
- **Increasing awareness campaigns** for businesses about legitimate routes for rating relief and appeals.
- **Implementing a streamlined and accessible appeal process** to reduce reliance on third-party agents.

Without such protections, the Bill risks enabling these charlatans of dubious practices that erode trust in the business rates system and harm the businesses it seeks to support.

Retain the current RHL hereditament definition

The Bill grants HM Treasury the power to define what constitutes a retail, leisure, or hospitality hereditament, replacing the existing definition offered by the Retail, Hospitality and Leisure Relief Scheme. The explanatory note references a definition that will "broadly" align with the existing relief schemes, but the lack of clarity introduces unnecessary uncertainty.

Colliers recommends retaining the current definition for RHL hereditaments to ensure continuity and consistency. Alternatively, explicit legislative language should guarantee that future definitions align fully with current standards to avoid confusion and potential disputes.

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Unlimited multipliers will complicate the system

The legislation enables the introduction of additional multiplier tiers, potentially increasing the tax burden on certain property types, many of which would qualify as RHL properties. This uncertainty is particularly concerning for businesses planning long-term investments in property and infrastructure, as it introduces an unpredictable element into their tax liabilities.

The Government intends for the lower multiplier for qualifying RHL properties with an RV of less than £500,000 to be funded by new higher multipliers for all other property types (including those with an RHL above £500,000). Yet the Treasury currently subsidises all RHL properties (40% discount up to a cash cap of £110,000) and this is not paid for from business rates revenue. Liability for the current subsidy to the RHL sector is being transferred from the Treasury to larger businesses – the same businesses which will see their rates liabilities increase in April 2026 due to the revaluation.

We urge the Government to limit the introduction of higher multipliers and subsidise the of the smaller multiplier with the funds that would have otherwise been allocated to the RHL relief scheme. Doing so would promote stability and maintain investor confidence in the UK's commercial property market.

The Bill is being rushed through without adequate consultation

The accelerated timeline for implementing key elements of the Bill leaves insufficient room for stakeholder consultation. For example, measures affecting distribution warehouses and out-of-town retail premises have not been fully analysed in terms of their economic impact or alignment with broader Government objectives, such as supporting economic growth.

We recommend deferring certain provisions of the Bill until thorough impact assessments and consultations have been conducted, ensuring policies are equitable, effective and sustainable.

Colliers' Recommendations for Practical Reform

Colliers encourages the Government to take a measured approach to reforming the business rates system. To this end, we propose the following:

1. **Commit to a long-term reduction of the UBR to 35p for all properties** to support competitiveness and growth.

2. **Scrap the £500,000 RV threshold** for RHL relief to all RHL properties. The failure to do so will see more gaming of the system and less investment by large retailers.

3. **Retain the present definition of an RHL hereditament** to ensure continuity and avoid opaque definitions of property types.

4. **Limit the introduction of new multipliers** to provide greater certainty for property owners and occupiers.

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5. **Implement safeguards against rating cowboys** through tighter regulation and awareness initiatives.

6. **Conduct robust impact assessments and consultations** before implementing substantial reforms.

By addressing these concerns, the Government can build a business rates system that is fair, predictable, and conducive to economic growth. Colliers remains committed to working collaboratively with policymakers to achieve these goals and ensure a thriving commercial property sector that supports businesses and communities alike.

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