IPTI Xtracts

Property Tax and Assessment News from Around the World

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Trade organisation presses Treasury to reward investment and tackle online growth with new rates system

The Association of Convenience Stores (ACS) is calling for the revised business rates system to "reward not penalise" investment and to include measures to spread the financial burden to online retailers.

The ACS makes the recommendations in its response to the second part of the Treasury's review of the system in England which focuses on valuations, appeals, the administration of rates and alternatives to the established process.

James Lowman, the organisation's chief executive, said: "The business rates system of the future should incentivise investment rather than penalising it, be simpler, easier and cheaper to administer.

"It should also be fairer in distributing the business rates burden across all types of businesses trading online and from physical spaces.

"More immediately, we are calling on the government to continue to provide support to retailers beyond April to prevent a spike in their business costs which would negatively impact local shops' ability to provide essential products and services to their customers and undermine economic recovery.

"Local shops are a lifeline for the communities they serve and this has been particularly evident during the Covid-19 crisis.

"The support that has been provided to retailers through the pandemic has been paramount in ensuring they can continue to feed communities safely and effectively."

In its submission, the ACS makes recommendations including incentivising investment by allowing ratepayers to recoup the costs of investment – mirroring the way the Scottish business growth accelerator scheme works.

Another suggestion is the introduction of an online sales levy or "an alternative rating methodology" for online distribution warehouses to account for the digital economy.

The organisation is also calling for the speeding up of the appeals process by shortening statutory timeframes for the valuation office agency (VOA) to respond to checks and challenges.

The final suggestion is that the valuation process be simplified to reduce pressure on VOA resources and allow focus on valuing owner-occupied properties.

Trade associations call on government to change 'punitive business rates'

A coalition of business associations have come together to demand solar exception from 'punitive business rates'.

The trade associations – representing major British industries including retail, property, construction and technology – have written to Chancellor Rishi Sunak to ask that renewable energy technologies including solar PV and battery storage are excepted from business rates.

They argue this would boost commercial deployment, helping to provide much needed green jobs bolstering economic recovery.

The Solar Trade Association (STA) estimates that excepting solar PV could deliver between 1500 and 1800 additional jobs annually, as well as increasing business investment in the UK by more than £315 million.

STA chief executive Chris Hewett said: “This will help businesses in Britain to build back better and contribute towards a green economic recovery by easing the frankly unjustified and disproportionate tax burden on renewables, driving the uptake of new solar in the commercial sector and delivering thousands of high quality green jobs across the country.”

The STA said that many businesses have shelved plans to install solar on their sites after changes in the way business rates are calculated saw early-adopters ‘punished by skyrocketing premiums’. This included some case where rates rose by well over 500%.

Supermarket chain Lidl for example saw its business rates increase by 528% due to changes in the valuation of solar installations at its sites.

The Government is currently undertaking a review of the Business Rates regime, for which the public consultation is due to close on tomorrow (Saturday 31 October).

National Federation of Roofing Contractors CEO James Talman said that the roofing industry is in a prime position to help the government reach net zero through the installation of solar on commercial roof spaces. He said they are being “held back by the archaic business rates system, which is stifling investment and innovation".

“We urge the Chancellor to rectify this by exempting renewable energy generation and storage from business rates to help reduce in carbon emissions and create thousands of quality skilled construction jobs, as well as generating millions of pounds of green business investment,” Talman said.

The letter follows a similar call made by a group of associations in August calling on the Treasury to implement tax relief for clean energy technologies.

It's time for the Tories to scrap stamp duty and business rates

Taxation is one of the most powerful economic tools, but delivering rapid growth may be difficult

“After 12 years of relative anaemia, we need to lift the trend rate of growth, we need to lift people’s incomes.” So said Boris Johnson at the Conservative Party conference.

The Prime Minister’s recognition of economic growth’s power in lifting living standards was welcome. Delivering faster growth will be more difficult. Economists are divided on how far governments can alter structural growth trends, and on the policies that might achieve it.

We do know, however, that taxation is one of the most powerful economic tools at any government’s disposal. A badly designed code that is not neutral between economic choices can misallocate resources and disincentivise desirable activity, with narrowed tax bases offset by high marginal rates for any given level of revenue.

This shrinks activity and so GDP, making us poorer. This is being felt particularly sharply at the moment due to the coronavirus crisis's impact on wages. Unpicking this damage through reform can therefore raise growth on the march to a higher national income.

Despite 10 years of Tory government, a genuine effort at pro-growth tax reform has been lacking. Yes, there have been cuts to the headline corporation tax rate, and some sensible reforms to stamp duty land tax's structure. But there has been little rethink of how government could raise revenue in a less damaging way.

Successive chancellors have spurned the Institute for Fiscal Studies' Mirrlees Review and The TaxPayers' Alliance's 2020 Tax Commission.

The Government's own Office for Tax Simplification, if online activity is anything to go by, seems more concerned with celebrating its 10th birthday than living up to its name – a reflection of the lack of initiative emanating from the Treasury.

So growth-hungry Boris should be grateful for a new Centre for Policy Studies (CPS) report, alongside the US Tax Foundation (TF), that outlines a revenue-neutral tax reform agenda to lift Britain from 22nd to 9th in the TF's "tax competitiveness index" of 36 OECD countries.

As the CPS's head of tax Tom Clougherty explains, the UK's current tax code has low-hanging fruit for reform.

Corporation tax deters certain forms of capital investment through stingy capital allowances. The business rates tax base similarly disincentivises improvements in buildings, because desirable investments can then raise companies' tax bills.

Stamp duties on housing and shares gum up transactions, leaving property and assets in the wrong hands.

Top end taxpayers face high and varied marginal rates on their income. The VAT base, meanwhile, has more holes in it than a block of Swiss cheese in a mouse cage, with extensive exemptions and zero-rating of goods creating all sorts of perverse incentives.

The CPS package alleviates many of these problems, in turn raising business investment and better allocating resources, by slashing a range of damaging taxes and offsetting revenues by broadening the VAT base to the OECD average.

Stamp duties would be scrapped entirely, as opposed to the temporary cut the Government has imposed until next March.

The long-term aim of full and immediate expensing of business investment within corporation tax would be mimicked by making the £1m Annual Investment Allowance permanent and allowing "neutral cost recovery" on structure, buildings, and other qualifying assets.

Business rates would be replaced with a land tax on the value of the business site. And the additional 45p rate of income tax would be abolished.

Such policies would promote Boris's stated economic agenda. Britain has had a perennial problem of poor productivity growth since the financial crisis, contributed to by weak private business investment.

Johnson's desire to "level up" the country will be dependent on a relocation of activity, and new investment in buildings, machines, and structures, both of which this package would encourage.

Yes, broadening the VAT base to pay for these measures is a tough political sell. Given the current pressures to narrow it (eliminating the tampon tax) and the political costs faced by those attempting to broaden it (remember the pasty tax?) any Conservative chancellor is likely to be wary.

Hospitality companies remain at risk despite business rates relief in the pandemic.

I'd grease the wheels of this effort with initial net tax cuts rather than revenue neutrality to ensure this "losers' wail" doesn't drown out the pro-growth wins. Coming out of this crisis, we will need robust growth anyway, so too much near-term deficit focus is misguided.

But if a Tory government with an 80-seat majority that's willing to hold the line against free school meals during school holidays can't deliver meaningful pro-growth tax reform, then who can?

No, the real question for Conservatives is not whether tax reform is feasible – they have the votes. It is: do they believe in it?

Here, things look depressing. The Financial Secretary to the Treasury Jesse Norman poured cold water over the CPS report at its launch, questioning the package's desirability.

Significantly, he began his remarks by suggesting that the distributional impact of any tax reform measures – i.e. how progressive they were – was of crucial importance.

This is disheartening because it suggests that Conservatives are ensnared in the Blairite trap whereby any individual tax change will be dismissed if it raises inequality, regardless of the longer-term benefits to productivity, wages, or GDP.

The Chancellor slashed VAT for the hospitality industry to help it cope during lockdown.

This is a recipe for doing no tax reform of any growth value. Conservatives once understood that distributional issues could only properly be assessed by examining the full scope of government activity, including taxes, yes, but also benefits and benefits-in-kind. They also knew that higher growth was far more powerful for the well-being of the poor than anything redistributing resources could achieve.

If Norman's view is representative then, the CPS efforts at producing worthwhile tax reform will be in vain. And given the Government's lack of interest in deregulation and the historical failures of the industrial policies it champions, it's difficult to see many levers left for achieving the growth Boris desires.

Ryan Bourne holds the R Evan Scharf chair for the public understanding of economics at the Cato Institute

North pays highest price for 'unfair' business rates, think tank says

The business rates system "penalises companies in poorer areas of the north of England" and will undermine attempts to "level up" regional economies without urgent reform, according to a new report.

Centre for Cities, an economic think tank, said that companies in the north were overpaying the tax while businesses in southern England underpaid.

Business rates are collected on commercial property and are linked to the estimated underlying rental value of the 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.

Centre for Cities said that the taxes paid by bricks-and-mortar stores effectively subsidised online retailers and that the rates system had been slow to adapt. Its report said that infrequent property valuations and transitional relief, a system which softens large swings in rates bills when valuations change, penalised companies in weaker economies because it took too long for falling property values to be reflected.

At the last revaluation, companies in Redcar and Cleveland were notified of a 20 per cent fall in values. This meant they were overpaying at the time of the revaluation, but in addition "their bills did not adjust immediately to correct this and they continue to overpay", the report noted. It said the tax could better reflect local economic realities if revaluations took place annually instead of every few years. These should also be devolved to local government instead of the centralised Valuation Office Agency, part of Revenue & Customs.

Almost half of all businesses are experiencing lower than normal levels of turnover and more than a third do not have enough reserves to last them more than six months, the Office for National Statistics has found. In a survey of more than 4,800 businesses, it reported that 47 per cent of businesses were making less money than normal between October 5 to 18. About 15 per cent of respondents said that turnover had fallen by more than 20 per cent, while 9 per cent of businesses have taken a hit of more than 50 per cent.

More than 1,000 new business rates appeals per day in last six months

Latest figures released by the Government on CCA, the "Check Challenge Appeal" Business Rates Appeals System show the massive rise in the last six months in the number of appeals caused by the "Material Change of Circumstance" (MCC) following the Covid-19 pandemic.

The VOA's monthly figures show that in England, in the three months to September 30th, 2020 (July, August and September) around 38,960 new checks (the first stage of the process) have been registered. Together with the 144,900 registered in the previous three months, this means 183,860 checks have been registered in the six months since Lockdown began. This is significantly more than the three-year figure announced in the period between 1 April 2017 and 31st March 2020, when a total of 158,930 Checks were registered. And according to Colliers means the VOA has received more than 1000 new appeals per day in last 6 months- an unprecedented rise in numbers.

The new figures published by the VOA show the total number of Checks registered is now a massive 342,760.

The massive increase in the number of appeals started in this six months is because of an increasing number of companies are claiming a Material Change of Circumstance (MCC) as a result of the impact of Covid-19 on their businesses which has impacted all sectors, particularly the office sector. In effect businesses are arguing that rental values have plummeted because of the effect of Covid-19 and as their rateable value should mirror rental values, these need to be adjusted downwards significantly.

"Covid-19 has led to the biggest Material Change of Circumstance the country has seen in rating history and the system has been around for over 400 years." says John Webber, Head of Business Rates at Colliers International. "You could say we are on a wartime footing - and at the moment there is no end in sight."

"Businesses are claiming MCC either as a result of the impact of the initial Lockdown and/or on the impact to businesses as they have tried to re-open and then experienced further lockdowns. With social distancing and consumer and worker fears about returning to the shops or offices to work, few businesses in the country are operating on pre-Covid levels. There is no doubt that their circumstances have changed materially. Footfall has reduced massively, and many offices, shops and restaurants remain closed or on reduced capacity – these are all valid reasons to reduce the rating assessments."

The new figures add even further pressures on a system that was overstretched before the pandemic, and according to Colliers now needs a radical re-think of approach before even more businesses keel over.

Webber believes in advocating a radical approach to deal with the crisis. “We believe most of the MCC appeals will succeed – Covid 19 has brought about an unprecedented disruption. The trouble is the time lag between a business paying its rates bill now and receiving rebated funds back from the VOA on a successful appeal. This could take a year – and many businesses may simply not be around then.

“We therefore recommend the VOA gives a rates discount now and “cuts out the middleman” – so that businesses pay fair bills they can afford and ultimately would be paying anyway once the appeal rebate is taken into account. This will be essential if businesses are to plan ahead and hopefully work through this crisis.”

Webber added, “The Government and VOA must act now to ease the pain or suffer consequences of continued business closures and job losses. The glacial pace of the normal routine of dealing with appeals has to be set aside or business ratepayers will feel like the Titanic hitting the iceberg while the VOA orchestra is still playing ‘Nearer my God to thee!”

Shops and bars call for fresh support as new lockdown looms

Crucial run-up to Christmas will be hit by measures to stop the spread of coronavirus

Bars, pubs and retailers are calling for a fresh package of government financial support to prevent more redundancies and business failures as the new lockdown in England hits the crucial run-up to the festive period.

Companies have welcomed the extension to the furlough scheme which was announced alongside the new lockdown on Saturday, but said that more help was needed to save thousands of businesses already on the brink of collapse.

The run-up to Christmas is critical for both industries. Last year, for example, non-food retailers generated over a fifth of their annual turnover in November and December according to the Office for National Statistics.

Michael Kill, chief executive of the Night Time Industries Association, which represents bars, nightclubs, restaurants and music venues, called for “immediate and significant financial support” including a grant scheme to cover operating costs.

About half of the 1,446 nightclubs that were operating in the UK pre-coronavirus are now “in quite considerable trouble”, Mr Kill said.

Simon Emeny, chief executive of Fuller’s, which runs 390 pubs, said: “What [the furlough scheme] doesn’t really do is help businesses. These measures do nothing to help the enormous build-up in backdated rent. Every business is now operating on negative cash flow and now we face another mandated closure period.

“We will need to find a solution to the enormous build-up of rents . . . that will need to involve a government contribution. Let’s face the reality — there are day-by-day announcements of business failures in this sector.”

The government last month extended until the end of 2020 a moratorium on landlords taking back commercial premises on which rent has not been paid. This has enabled retailers and hospitality businesses to pay only a fraction of their normal rents on time, but the entire sums remain due, apart from where landlords have already agreed to reductions.

Mr Kill said his organisation had proposed that the government pay one-third of rent due, with landlords bearing the loss of another third and tenants paying the rest, to prevent businesses' rent arrears becoming overwhelming.

He added that an existing grant scheme offering up to £3,000 a month to businesses forced to close "will not touch the sides" of many companies' needs and does not cover nightclubs, which have been shut since March.

His view was echoed by James Daunt, chief executive of bookstore chain Waterstones, who said that retailers "needed a good Christmas to deal with those arrears — now they are not going to get one".

He said retailers in other European countries had more certainty over how rent arrears would be handled, but in the UK "they could well end up with an insurmountable problem", Mr Daunt said.

The British Retail Consortium called for "support to businesses that will be forced to close". All "non-essential" stores, as well as pubs and restaurants, must shut from Thursday until at least December 2.

"The announced closure will have a significant economic impact on the viability of thousands of shops and hundreds of thousands of jobs across the country," the group said. The BRC had already called for a 50 per cent cut to business rates once the current rates holiday ends in April.

Ministers have rolled out a series of schemes to support businesses hit by lockdowns and other restrictions, including furlough pay, loans and grants.

But these have not prevented a wave of business collapses and redundancies in leisure and retail, even before the fresh lockdown.

Pub groups including Marston's and Greene King have announced thousands of job losses, while the UK's largest nightclub operator, Deltic, last week put itself up for sale, saying it would run out of cash by the end of the year.

Retailers including Monsoon Accessorize, New Look and TM Lewin have been through insolvency processes. Retail failures so far this year have affected 82,880 employees, almost double those hit in all of 2019, according to the Centre for Retail Research. Estimates ahead of the new lockdown suggested more than one in four of the UK's 39,700 pubs would go out of business in the pandemic.

Government relations with hospitality businesses have frayed in recent weeks because of the imposition of a 10pm curfew that scientific advisers to the government said would have little effect.

Footfall in the important six weeks leading up to Christmas is now set to be down 62 per cent from last year, according to retail intelligence experts Springboard.

"If we are properly open again by December 2 then that is fine, given that book sales tend to come hard and late," said Mr Daunt.

"But if it is extended we will be in the position of having to do damaging things — basically cutting stores and jobs."

Business rates reform is crucial for our recovery

I absolutely agree with Jim Armitage's 10-point plan (Comment, October 22) to allow London to bounce back once the pandemic passes, however I would add a crucially important 11th point — business rates.

Businesses across the capital are on their knees, with significantly less revenue than expected combined with mounting costs. It is vital that the business rates relief offered by the Government continues to prevent closures across the capital, save tens of thousands of jobs and allow these businesses the chance to get back on their feet and recover.

Our businesses not only need the current rates relief to be extended beyond April 2021, with an announcement now, but full reform of this antiquated tax. Westminster alone collects £2 billion in tax annually which, based on business conditions that no longer exist, is entirely disproportionate to revenue.

Sir Peter Rogers, Chairman, New West End Company

Editor's reply

Dear Sir Peter

Only Spinal Tap’s amps go up to 11, but I take your point. Business rates are a brutal tool to get tax revenues into councils starved of money from central government. Firms large and small have paid a crippling toll, particularly in London. Rishi Sunak was right to offer relief and must now reassure companies there will be some extension. But thriving businesses such as supermarkets should still pay their share. And we need reform so Amazon chips in, too.

Jim Armitage, Business Editor

Was parliament so incompetent in drafting the law on council tax as to not provide a case like the Cummings case'

The Cummings affair rumbles on, but the arguments about lost council tax miss another important point.

Where is the duty to inform the Valuation Office Agency of a material change to a property that might change the council tax banding for it?

Does the law that set up the council tax regime in the 1990s provide any penalty for failing to do so? If not, why not? In other areas of life such legal duties exist.

For instance, if I change the colour of my car and don’t inform the DVLA I can be fined, so why not in this case?

There is no remedy for the failure to get planning permission as there is a time limit that has expired.

The Valuation Office Agency seems to have applied its rules properly since it is not allowed to backdate charges before any new assessment.

So, was Parliament so incompetent in drafting the law on council tax as not to provide for a case like the this one where tens of thousands of pounds have been avoided through the negligence of the owners?

If so, council tax needs to be reformed as soon as possible. In any case, it is an extremely regressive tax that fails properly to tax people in multi-million houses at the expense of the most ordinary and often poorest sections of society.

It should be replaced by something much more progressive and definitely without any loopholes for those who fail to inform the authorities of material changes to their circumstances.

Nigel Martin

Industry calls for business rates and investment boost to free up cash for recovery, says Make UK survey

Britain's manufacturers are calling for Business Rates to be waived or reduced in tandem with a boost to investment allowances to help fire up an industrial recovery.

The call by Make UK was made on the back of the latest Manufacturing Monitor tracker which shows that while the sector continues to stabilise, companies increasingly see a long road ahead to any kind of normal trading conditions with redundancy plans still in the pipeline.

According to Make UK the need for measures to aid investment now is especially important in the light of the decision to cancel the Comprehensive Spending Review and the absence of any revamped Industrial or Economic Strategy to boost growth.

The survey shows a fifth of companies (20.4%) say that the top priority for Government should be to waive or reduce Business Rates while just under a fifth (18.4%) want a boost in the form of enhanced capital allowances.

"While the situation continues to stabilise it's clear that there is a long road ahead to anything like normal trading conditions. This has major implications for companies and policymakers who are going to have to be fleet of foot in adapting to an ever changing environment," said Stephen Phipson, Chief Executive of Make UK.

"While Government has quite rightly made protecting jobs the number one priority to date, there is now an urgent need to help employers with their cashflow and measures to boost investment. Business Rates have long been a thorn in the side of companies and a disincentive to invest and now is the moment to provide a shot in the arm for companies by waiving or reducing them."

According to the survey over a third of companies (36.9%) believe it will take longer than twelve months for normal trading to return, while more than a quarter (26.8%) believe it will take between six and twelve months. While down slightly from the last tracker in

A quarter of companies (24.3%) are operating at full capacity with just over a third (35%) operating between three quarters and full. The situation looks similar going into next year with just over a quarter (25.6%) expecting to begin 2021 at full capacity.

The survey also shows that the difficult jobs picture remains with half of companies (49.2%) having already made redundancies. A further fifth (19.6%) say they still plan to in the next six months with more than a quarter (28.5%) saying they might do.

The survey also shows that a quarter of companies (23.5%) are now stockpiling again ahead of the end of the transition period. Of those who are not stockpiling a third (33.8%) said they didn't see the need, a quarter (24.8%) said they couldn't afford to because of the pandemic, while just one in ten (10.2%) thought there would be a deal agreed.

Stephen Phipson, concluded: "British manufacturers rose to the challenge earlier this year to help the country through a national crisis. They helped keep food and drink on supermarket shelves, adapted production to make vital PPE for our care homes and made sure hospitals had the medicines they needed during the pandemic. This data shows that manufacturing will be hit hard over the coming months unless there are further and sensible steps taken to smooth the path ahead."

The survey of 181 companies was carried out between 12 and 19 October. Make UK has been running its Manufacturing Monitor tracking survey since the start of the pandemic.

Empty property rates in England; how can a business mitigate its liability?

Empty property rates is a tax on failure; the failure of the owner to find either a profitable use for the premises or a tenant to pay a rent. Since March 2020, reliefs have been available to cushion some ratepayers against the economic consequences of the pandemic. These reliefs are temporary measures.

The bigger picture, pre-COVID and post-COVID, is that there are empty buildings for which rates are payable by the person entitled to possess the premises.

No wonder that affected ratepayers look to mitigate their liabilities. The devolved administrations of the UK are developing their own rules. This note provides an answer for England.

Yes, you can

In England, the answer is "yes" you can mitigate using a variety of techniques. Here are two of them.

Art exhibitions

First, as The Times of London reported on 15 October 2020, that an arts charity could help property owners by organizing exhibitions in vacant buildings. The report featured a charity that hosts pop-up events to take advantage of the 80% relief on rates payable by charities. Some local authorities have declined to grant the relief and sued for the full amount due, leaving the local magistrates' court to decide what the liability is.

Equally, there are owners who have successfully used space for exhibitions and been successful in achieving savings.

Lease to an SPV

At the other end of the scale, the UK Supreme Court will hear an appeal on Monday 26 October. The case raises the issues whether ratepayers are liable to pay rates for periods when they leased their unoccupied properties to special purpose vehicle companies ('SPVs') on the basis that: (1) the leases were prearranged tax avoidance schemes and the relevant statute should be interpreted accordingly; or (2) the SPVs can be disregarded by a piercing of the corporate veil.

Property owners sought to avoid liability to empty rates by entering into schemes whereby SPVs took short leases of the properties and become liable to pay the relevant taxes. No taxation payments were ultimately made by those SPVs as they were then either wound up or struck off from the register of companies for separate reasons.

The local councils issued proceedings in the High Court for recovery of the rates from the owners. The councils argued that the court should apply a legal principle ("the Ramsay principle") which requires that any relevant statute be interpreted with reference to the fact that a tax avoidance scheme is in place. Also, they argued that the separate corporate identity (and therefore liability) of the SPVs could be disregarded because the corporate veil was pierced. The councils argued that if rating legislation should be interpreted taking into account the fact that this was attempted rates avoidance or if the court could go behind the corporate structuring involved, the scheme would fail.

The Court of Appeal found in favour of the owners. It determined that it was not open to the courts to pierce the SPVs' corporate veil and that the leases could not be disregarded by application of the Ramsay principle. Therefore, the mitigation strategy succeeded.

The councils now appeal to the Supreme Court.

What to look for

Hitherto, the leasing strategy using SPVs has been upheld on the basis that the court decides liability for rating based on the objective facts and not whether or not there is a subjective intent to mitigate the liability.

However, government is concerned that empty property rates are too easy to avoid and that the rules should be tightened up. Owners would say that the tax is a bad tax and if reformed, the necessity for avoidance would disappear.

Ratepayers will be hoping that the Supreme Court follows the reasoning of the Court of Appeal and leaves reform to Parliament. Nevertheless, the Supreme Court now has an opportunity to limit the scope for mitigation, notwithstanding the character of the tax on failure that is empty property rates.

How lockdown left Savile Row hanging by a thread

With international fittings limited by travel restrictions and little need for formal wear in lockdown, London's world famous Savile Row is fearing for its future. Emily Lawford speaks to those who've already left – and those who are fighting to stay

A month before lockdown started, bespoke tailoring brand Kilgour closed its Savile Row shop doors for the last time.

"We were all made redundant in February," Delroy Smith, a former cutter at Kilgour, explains. "Now the business is just online."

Kilgour was the latest in a line of tailors to leave Savile Row in the past two years, following internationally renowned brands including Hardy Amies, Stowers, and Alexander McQueen in shutting up shop as lessening demand for formal clothes, coupled with high rents and business rates, made it increasingly hard to turn a profit.

The situation has only worsened as the Covid-19 pandemic has made selling luxury suits almost impossible.

Savile Row has been a bastion of bespoke tailoring for more than 200 years – in fact, the term "bespoke" is understood to have originated there. Tailors first came to the Row in 1803 and it quickly developed a reputation for traditional suits of the highest quality, a reputation recognised internationally today. Bespoke suits tend to cost around £5,500, though most traditional tailors now also offer more affordable, ready-to-wear ranges.

A few decades ago, the 100-metre strip contained more than 40 tailoring houses. If a cutter lost his job at one, he could walk across the Row and swiftly get a job in another. Now only a handful of tailors are left – and 10 storefronts on the street lie empty.

“Every week, I’m hearing that somebody who I came up in the trade with has been made redundant,” says Smith, who now runs his own tailoring business from home. “That old community is gone.”

Anthony Rowland lost his front-of-house job at Henry Poole last month. “I was sort of expecting it,” he says. “Next to nobody was coming in. The trouble is at the moment people can’t travel.”

Savile Row has become dependent on international customers in recent years, with at least 60 per cent of its customers based overseas. But with international fittings limited by travel restrictions, and little need for formal wear in lockdown, some tailors are barely able to sell any stock.

Maurice Sedwell was getting 20 orders a month before the pandemic. Owner Andrew Ramroop says it has only received two orders since March.

Last year the company paid £110,000 in business rates. In spring the government suspended business rates until March 2021 – a date many tailors are dreading. “As determined I am that we continue, I cannot see Maurice Sedwell surviving on Savile Row beyond March next year,” Ramroop says.

Maurice Sedwell was getting 20 orders a month before the pandemic. Owner Andrew Ramroop says it has only received two since March

The company’s rates have increased by 12.5 per cent each year for the past seven years, while rent prices have almost doubled.

“The landlords have been very greedy with rental demands,” Ramroop says. “We need protection for Savile Row tailors.”

“Our main focus right now is survival,” says William Skinner, chair of the Bespoke Association, which in 2017 managed to get the Row classified as a special policy area, making it harder for tailors to be replaced by other tenants. “We need more relief from rents and business rates, or tailors cannot afford to stay. For someone coming down the street, there are so many empty buildings. It really looks bleak.”

Skinner, who owns Dege & Skinner, says, were it not for the costs, many tailors “would suit Savile Row very well – and would get a bit more life back in it”.

He names Kathryn Sargent, the first female cutter to open her own tailoring house. She rented a storefront on the Row in 2018 but closed when the costs of operating proved too high.

Bespoke tailors’ profit margins have long been narrow. “We make everything by hand. There’s a lot of work and a lot of time that goes into the making of a suit,” Skinner says. “Sometimes it feels like all we are doing is working to pay our rents and our rates.”

Most properties on the Row are owned by the Pollen Estate, managed by Julian Stocks at Knight Frank. The estate has been helping tenants through the pandemic on a “case-by-case basis”, Stock says, giving rent holidays and other payment plans to struggling tailors. “Our ambition has been to make sure that all our tailors make it through and out the other side.”

Rent prices are higher elsewhere in Mayfair, he adds. “We haven’t pushed things as far as others have.”

However, he believes tailors may have to adapt to fit modern demands. “Businesses do need to evolve and change, because perhaps people aren’t wearing suits as much as they used to, and they need to provide other forms of clothing to attract new customers.”

Stocks would like different luxury brands to fill some of the empty shops in the Row. “There’s already a shoe company. I’d love to get a really cool watch brand in.”

A recent addition is The Service, a coffee shop which displays mannequins wearing bespoke suits from the Row’s tailoring houses.

Its founder, James Sleater, who owns Savile Row tailor Cad & the Dandy, hopes the cafe will encourage people to buy bespoke without being intimidated by the Row’s reputation.

“Savile Row needs to do more to open itself up and drop down the barriers of pretension,” he says. “Back in the day, tailoring shops were run like gentlemen’s clubs. You couldn’t just come through the door, you had to be referred by existing customers. And there’s still a bit of that. Guys generally come in Cad & the Dandy sweating with fear – and we’re young. Savile Row needs to reflect the changing world.”

Will Savile Row remain a tailoring hub after the pandemic, or will its tailors be scattered around the city? Richard Anderson, owner of his eponymous tailoring house, believes the Row must survive. “Why would you want to kill the golden goose? Savile Row is still perceived in the world as the best. Tailoring is one of the only industries that Britain is known for being best at.”

He saw something recently on the Row that made his blood run cold. “I walked out of my shop a month ago and there was a yoga class going on in one of the empty shops. Tailors would be turning in their graves.”

Council call on government to 'abolish' council tax laws

Merton Council has called on the government to abolish outdated laws that allow councils to jail residents for non-payment of council tax.

The council says that, although they haven't jailed anyone for non-payment of council tax in more than ten years, the practice still happens across the country – with around 700 people jailed in that period because they can’t afford their payments.

Merton Council’s Cabinet Member for Finance Councillor Mark Allison, has written to Secretary of State for Communities, Robert Jenrick, to ask for "common sense to prevail."

Councillor Allison said: “It’s a fundamental wrong that in this country you can be jailed for being poor or living in poverty.

"I hope Mr Jenrick listens to these concerns at this critical time for so many hard-working families.

Yes, everyone needs to pay their council tax – it pays for the services to help those in need, and our services have never been more critical than during the pandemic. But how can it be fair to jail someone because they can’t afford to pay it?

“With thousands in London on low incomes currently staring at an even longer period of hardship, we need to scrap this unnecessary threat to people who are simply struggling financially.”

Business rates scandal as North shoulders highest burden 'we officially need help'

TORY MPs are calling for business rates to be slashed to help struggling shops. They want the rate to be cut to 40 per cent to help protect retailers across the UK.

Such a move could also help create thousands of new retail jobs in worse off areas. It comes as a new study today reveals that shops in the North of England are being unfairly burdened by hefty business rates compared to those in the South of the country. Analysis by the WPI Strategy think tank shows that more than three-quarters (77 per cent) of the constituencies with the highest burden are located in northern areas and the Midlands.

This is because the tax rate does not mirror economic performance, so for areas facing economic challenges the burden is much higher.

32 of 40 constituencies with the highest burden of business rates are located in areas of the country most in need of “levelling up” such as Bishop Auckland, Sunderland Central, Great Grimsby, and Leigh.

Analysis shows that shops in the top 50 constituencies most burdened by rates have four times the business rates burden of those in the bottom 50.

At a constituency level, the difference is even starker. A typical supermarket in Bishop Auckland faces a rates burden eight times higher than a supermarket in Surrey Heath. If the supermarket in Bishop Auckland faced the same burden as one in Surrey Heath, it would pay £820,000 less in rates per year.

Business rates for retailers come in at more than 50 per cent with some stores now being hit with 70 per cent charges, according to the report.

Slashing the level to 40 per cent would “stimulate growth and investment”, it says.

It also shows that a reduction in the property tax across the retail sector could allow companies to create more than 10,000 jobs in the regions of the country that most need them.

Dehenna Davison, Tory MP for Bishop Auckland, said: “If businesses are to bounce back from Coronavirus and town centres are able to rebuild we must look at the financial inequality presented by business rates.

Businesses in my constituency face rates eight times higher than those in the south. If an average supermarket in Bishop Auckland faced the same burden as one in Surrey Heath, it would pay £820,000 less in rates per year, and we must look to address this.

“I know that this levelling up is a key priority of the Government, and colleagues and I are working closely to ensure the levelling up agenda is delivered as quickly as possible.”

Ben Bradley, Conservative MP for Mansfield, said: “This report contains exactly the kind of hard data needed to turn levelling up into a reality for communities across the North and Midlands, including Mansfield as the Index confirms that we are officially in need of some help.

"We already know empty shops are a problem in our area and we have work to do to turn things around. This report offers firm policy ideas: a reduction in business rates could be a lifeline for our high streets.”

The report also highlights how the UK now has the highest property taxes in Europe, around 50 per cent more than the next nearest country, and that business rates receipts have increased from £8.8 billion in 1990 to £27.3 billion in 2017-18, an increase of 210 per cent compared with a 75 per cent increase in inflation.

In March, the Chancellor Rishi Sunak announced a 12-month business rates holiday for all retailers and pubs as part of a set of measures designed to support businesses during Covid. The rates holiday comes to an end in April 2021, and the government is currently consulting on ways to improve the system.

Business rates are a ticking time bomb for UK's pubs and shops

The impact of the pandemic has been severe for many pubs and retailers across the UK. With shoppers still steering clear of the high street, footfall has dropped by around 40%, whilst there has been an estimated 125,500 job losses across the wider retail sector this year.

As part of the Government's plans to help support retail, hospitality and leisure businesses in England, business rates have been halted for the 2020/21 financial year. This 'holiday' provides much-needed respite to struggling hospitality companies by mitigating against the impact of the outbreak on consumer demand and supply chain.

Yet, with the break set to end in April, reintroducing business rates could be detrimental for the retail and hospitality sector who are already fighting for survival – especially following the new 10pm curfew for pubs.

Can pubs survive the pandemic?

The British Beer & Pub Association (BBPA) has warned that thousands of pubs across the UK could be forced to call time next year as they face an £800 million business rates bill come the end of March 2021 – an average of £25,000 per pub, and a cost that not all will be able to afford.

"Given that all these pubs made it through the lockdown – over 15 weeks without being able to open their doors – and have remained viable businesses, despite social distancing and significantly lower footfall, it would be devastating for them to fall at the final hurdle in the post-lockdown recovery. It would mean much of the Government's vital support for the sector through lockdown would have been wasted," comments BBPA chief executive Emma McClarkin.

Meanwhile, trade body UKHospitality (UKH) has warned that at least 900,000 hospitality sector jobs could also be lost nationwide, while a coalition of retailers claims a further 10,000 shop jobs are at risk. That's unless the Government takes action on business rates and provides sector-specific support.

Whilst there has been a number of support initiatives from the Government – such as Eat Out to Help Out and a £500m investment into pubs and restaurants – most policies have been temporary, stop-start, measures, and simply haven't brought enough money in. Many businesses remain fragile and are reeling from the long-term impacts of COVID-19. As such, there is a desperate need for more stable and targeted support for the retail and hospitality sector to encourage growth and investment.

To deliver a long-term boost to the hospitality and retail sector, the Government must answer the calls for an extension on business rates until the 2021/22 financial year. Ending the rates holiday too soon will weaken these sectors, leading to job losses and a further shrinking UK economy.

Retail rates: time to reform

It's not just the hospitality sector, either – the retail sector faces an uncertain future if the rates return too. And it's not just the business rates that retail must overcome. In fact, the entire rates system needs reviewing, and potentially overhauling, if retail companies are to thrive.

Business rates are calculated based on the property's 'rateable value', which is re-evaluated every few years. Following the 2017 rates revaluation, lots of retailers with premises faced sharp business rates rises. Many of those affected were able to apply for upwards transitional relief – which caps a big annual bill increase by slowing rates rises. However, in the business rates system, this transitional relief is funded by 'downward phasing' – slowing the speed at which those retailers whose rates are valued to be lower get their bills reduced. This has the effect of putting heavier business rates in areas where rents are falling. For example, one Marks & Spencer store in Barrow saw its business rates bill fall only 2% from £102,000 (in 2017/8) to £100,000 (in 2018/9), despite a rateable value drop of over 25% – leading to an overpayment of around £20,000. Ultimately, the Barrow store was closed by M&S, the business rates in the area likely being a key factor in the decision.

Beyond the initial cost, many retailers also fear improving their stores because of the increase in rate bills that will follow investment. This hesitation hampers growth and investment in retail properties, and damages job creation.

Last year, more than 50 retail industry leaders, including big-name high-street brands, including M&S, Boots and Debenhams, called on the Chancellor to deliver real action on business rates. That's because the current business rates process is broken – it not only stifles growth but is also leading to the closure of stores and the decline of the high street in towns across the UK. With the state of the industry on a knife edge, it's crucial the Government answers that call and reforms the business rates system to help retailers save the sector.

Boosting businesses post-pandemic

It is now a priority that the Government do everything to enable the retail and hospitality sector to bounce back following this period of immense uncertainty. One of the ways to achieve this is for the Government to extend relief to these businesses for at least another 12 months. This is particularly important given that the retail and hospitality sectors employ over six million people (3.2 million in hospitality and 2.9 million people in retail). By addressing business rates, this could help save our nation's pubs, shops and hospitality services – and all the jobs they provide.

Nevertheless, whether or not the rates relief is extended, innovation can help businesses in the hospitality and retail sectors to increase profitability. Potential growth could be generated by the right planning and development, for example, providing more space for customers and additional services, could potentially increase profits. In fact, pubs could potentially convert upper floors of their buildings into residential accommodation, or even expand their buildings to provide further accommodation, to increase revenues. Companies operating in the retail sector could also develop additional spaces that allow for social distancing, or serve food and drink to shoppers. This would provide another source of income for businesses.

In today's uncertain climate, the retail and hospitality industry is now being tested more than ever. However, we have seen time and time again, invention is born out of necessity. In light of the pandemic, it is important that these industries apply the innovation and imagination to thrive rather than waiting for Government action during these difficult times.

Government needs to provide business rates relief to office business users

Businesses that occupy office space need to receive reductions in their business rates - given the longer-term impact Covid-19 and Lockdown has had on the sector, says John Webber, Head of Business Rates at international property consultant Colliers International.

Unlike businesses in other sectors such as those in retail and leisure/hospitality who have been given a one-year rates holiday and have been supported by various grants to help them cope through the Covid-19 pandemic, office-based businesses have received no rates holidays to date and only the smallest businesses have been able to benefit from the government grant scheme.

Webber points out that many businesses are now appealing their business rates assessments on the grounds of Material Change of Circumstance (MCC).

“We are seeing the number of MCC appeals go through the roof as businesses challenge their current assessments on the grounds of reduced profitability due to the pandemic. We estimate the number of MCC appeals to be in the range of 170,000 appeals currently.”

“We also believe most of these will succeed - Covid-19 has brought about an unprecedented disruption. The trouble is the time lag between a business paying its rates bill now and receiving rebated funds back from the VOA on a successful appeal. This could take a year.”

In the meantime, many such businesses, vital for the economy to revive, may falter or even in some cases go under. Webber feels it would be more sensible if the Government therefore gave a rates discount now and “cuts out the middleman”- so that office occupiers are paying bills they can afford and what ultimately they would be paying anyway once the appeal rebate is taken into account.

The hardship in the sector is also backed up by analysis of the London office market. According to research by Colliers space released back onto the London market by businesses looking either to downsize or to cut overheads has now reached 1.5 million sq ft. since April. This figure is expected to increase in the rest of the year- both post the wind down of Government furloughing support and also in the early part of 2021, as companies gain greater clarity on relocation strategies and new occupational densities.

And in terms of demand, London offices remains severely depressed. Prior to recent Government “Work from home” announcements, Colliers anticipated an uptick in demand in Q4 2020. However it now forecasts annual London transaction numbers to be at least 45% below the 10-year average (12.2m sf). Take-up in the year-to-date stands at just over 5m sq ft which compares to 9.3m in Q1-Q3 2019. Deals are just being put on hold or aborted as companies retrench their previous expansion plans given current economic uncertainty.

According to John Webber, “Many businesses in the office sector have been badly impacted by Covid-19; revenues have been hit and costs have risen, particularly as many businesses tried to adapt to new rules and regulations with the “Safe return to the office” policy in the Summer. The Government’s latest policy calling for “Working from Home” until next Spring has caused further disruption, often impacting on productivity and we now have some city centre offices either empty or only partially occupied- but rate payers still expected to pay full rates.”

This is not the first time John Webber and Colliers Business Rates Team has called for support for the office sector. Colliers was a strongly vocal that the office sector received a three months business rates holiday during the Lockdown period- on the grounds that that staff in office-based businesses were not allowed to assemble together, nor to travel on public transport unless they were essential workers- but should work from home. This was effectively a “prohibition of use”. So far this has not been recognised by most billing authorities in England and Wales, many of whom have sent in demands for full business rates payments. Businesses in Northern Ireland, by contrast did receive the 3-months holiday.

“The current situation in England is not much better than in the Spring and at a time when many businesses are negotiating with their landlords as to rent cuts, and looking at other costs, it does not seem either sensible or fair that there is no shift on rates policy.”

The office sector contributes one third of the annual rates bill which totals around £26 billion. Given the retail, leisure and hospitality business rates holiday, Colliers believe offices are contributing to half the current business rates tax take – around £7 billion out of £15 billion. Offices in London contribute the highest across the country-with office-based properties in the borough of Westminster having a current rateable value of around £2.81 billion and in the City, £2.55 billion.

Redwall Tories urge Rishi Sunak to slash business rates to help 'level up' the North and Midlands

MPs and two right wing think tanks say a 20 per cent cut in the levy would provide a post-covid boost to areas most in need of investment

Rishi Sunak has been urged to slash business rates by a group of 'Redwall' Tory MPs in a bid to deliver on Boris Johnson's "levelling up" agenda.

Seven MPs and two right wing think tanks have today backed plans for a 20 per cent cut in the levy, which they say will create thousands of new jobs and provide a post-covid boost to the areas hardest hit by the pandemic.

The proposals are put forward in a new report submitted to Government, which finds that 70 per cent of the constituencies most in need of investment are based in the North and Midlands.

According to a "Levelling Up Index" of every English and Welsh constituency, the seat most in need of investment is Blackpool South, which turned Conservative at the last election, followed by Middlesbrough, Bradford West, Liverpool Walton and Great Grimsby.

Their intervention is likely to be welcomed by the Chancellor, who has previously signalled his desire to shift more of the burden of taxation away from the high street and onto major digital retailers through an online sales tax.

The Treasury is currently consulting on a potential overhaul of business rates, with Mr Sunak announcing a 12-month holiday in March for all retailers and pubs to help them through the pandemic.

Compiled by the political consultancy WPI Strategy, the report says that business rates have the greatest toll on shops in these areas, where retail accounts for a significantly higher proportion of the jobs market than London.

The authors argue that the levy is also having a disproportionately negative effect in these areas because it does not mirror economic performance and should be cut to a 40 per cent fixed rate for retail.

Its backers include Redwall Tory MPs Dehenna Davison, Ben Bradley, Simon Fell, James Grundy, Scott Benton, Sara Britcliffe and Imran Ahmad Khan, as well as think tanks Onward and the Northern Policy Foundation.

Mr Bradley, a former vice chairman of the Conservative Party, said: "This report contains exactly the kind of hard data needed to turn levelling up into a reality for communities across the North and Midlands.

"We already know empty shops are a problem in our area and we have work to do to turn things around. This report offers firm policy ideas: a reduction in business rates could be a lifeline for our high streets."

Will Tanner, director of Onward, added: "If the Conservatives are serious about holding onto the Red Wall and extending their reach in the North and Midlands, they need to turn levelling up from a slogan into an operating manual for government.

“It's essential that ministers do all they can to breathe life back into the social fabric of many towns and give back the sense of local pride and belonging that they have lost. There are few better ways to do that than ending the unfairness of regional rates and reviving the high street."

Rishi Sunak warned public sector's food supply at risk

Wholesalers providing food for care homes, schools, hospitals and prisons call for government support

The supply of food to care homes, schools, hospitals and prisons is at risk unless the government steps in to support struggling wholesalers, the UK chancellor, Rishi Sunak, has been warned.

Trade bodies representing major food companies said the loss of business from the hospitality sector, which has been rocked by the 10pm curfew and limits on household mixing, meant that firms which also serve the public sector could fail.

“Without the income from the commercial sector, the supply of food to institutions such as care homes, prisons, schools and hospitals is at immediate risk,” they told Sunak in a letter seen by the Guardian.

They highlighted items made especially for care homes and hospitals, such as easy-to-swallow foodstuffs for people who have difficulty eating.

“Wholesalers send specialist food to care homes and this cannot be replaced by deliveries from supermarkets,” said the Federation of Wholesale Distributors and the Food and Drink Federation.

“The same supply chain is also essential to the ongoing supply of food to primary and secondary schools for the provision of school meals.”

They urged Sunak to hand out discretionary grants and extend the furlough scheme to wholesalers in areas under tier 2 and 3 restrictions, to avoid supply warehouses closing.

They also want business rates relief to be extended to the wholesale sector.

“The above measures are essential to ensure continuity of critical public sector food and drink supply and the government must introduce them immediately,” they said.

Andrew Selley, chief executive of wholesaler Bidfood, said the industry had not been eligible for support offered to hospitality businesses affected by the government’s tiered system of Covid-19 restrictions.

“Our customers range from Michelin-starred chefs through to high street casual dining, cafes, restaurants, pubs, workplace, travel catering and all of those in areas that have been affected,” he said.

“But we also do schools, universities, care homes, hospices and prisons. That varies by wholesaler but it’s about 70% hospitality and 30% public sector. When 70% of your customer base is impacted, your income goes down significantly.

“Whilst we have some variable cost like the number of people picking and delivering, the public sector contracts require delivery to every postcode. There’s a limit to how much cost you can take out.

“Not all of the wholesalers will survive and that means disruption to supply. The thing that’s galling for us is that the wholesale sector and supply chains in general have had no sector-specific support.”

The Treasury is understood to believe that financial packages on offer for some struggling hospitality businesses is, by proxy, support for the supply chain.

The Treasury said: “We’ve put in place a comprehensive plan to protect, support and create jobs, with more than £200bn of support since March – with particular support for the hospitality sector and it’s [sic] wider supply chain.

“And our winter economy plan will ensure this continues in the difficult weeks and months to come – providing a toolkit of support for all situations.

“Our expanded job support scheme will protect jobs in businesses that are open or closed, we’ve increased grants for firms required to close and are providing additional funding for local authorities and devolved administrations.

“This is alongside existing support measures including extended VAT cuts, businesses rates holidays and our extended loan schemes.”

Unprecedented’ number of UK businesses seek rate cut

Appeals against local levy climb as impact of pandemic on high street looks set to continue

An “unprecedented” number of companies are attempting to reduce their business rates bills as the impact of the coronavirus pandemic on high streets and offices looks set to last far longer than first anticipated.

According to Colliers International, the property consultancy, some 170,000 businesses have taken the first step towards appealing against their rates since the pandemic began in the UK in March. That is more than the total number in the three previous years, during which 159,000 queried their rates.

“The numbers are unprecedented,” said John Webber, head of business rates at Colliers. Coronavirus is the “biggest material change in circumstances in the history of ratings”, he added.

Appeals are lodged with the Valuation Office Agency, part of HM Revenue & Customs. Businesses raise queries about their rates through a three-stage process called “Check Challenge Appeal”.

Typically the VOA will assess these individually, but given the wave of “checks” that have been submitted, Mr Webber anticipated that more sweeping changes may be implemented.

“They might be tempted to look at it across whole regions: every shop, hotel and office in some locations have been affected. The numbers [the VOA] have got mean they’ve got no choice other than to deal with them in a much more broad-brush way,” he said.

A separate review of the rates system is under way, and business groups have called for rates to be frozen for the next two years and then reduced, to reflect the pandemic’s impact.

Business rates are a considerable cost for any company occupying commercial premises, and provide an important income stream for councils, which use the revenue to fund local services. In the last tax year, local authorities collected £25.6bn in business rates.

The payments are based on a building’s rateable value — effectively an estimate of a property’s rental value at a given date. Current rateable values are set according to rents on April 1, 2015.

Office occupiers, retailers and hoteliers complain that coronavirus has destroyed the previous basis for assessing rateable values. Non-essential retailers have faced extended closures and heavy reductions in footfall; hotels have seen guest numbers plummet; and offices have been largely empty for the last seven months.

Those businesses argue that the pandemic has meant a material change in circumstances, an argument the VOA will now weigh up.

The VOA said: “The coronavirus pandemic has led to an unprecedented increase in ratepayers seeking reductions in their rateable values.” The agency added that it had cleared a number of cases at the “check” stage and was now seeing a “higher than usual numbers of challenges”.

Some companies, such as small businesses in retail, hospitality and leisure, have been granted temporary relief from rates bills until April, by which point it had been hoped that normal operations would have resumed.

But many have missed out on rates relief or grants — which have only been offered to businesses in certain sectors or with premises below a certain rateable value — and a full recovery by next spring looks unlikely.

“We’re still expected to pay the full rate, which for us is £100,000. It’s ridiculous when you consider our business is down 94 per cent since March and doesn’t look like it will come back immediately,” said Jane Dancaster, who runs an English language school in Wimbledon.

“The overhang of Covid-19 will be a lot longer than people think. People thought it would be over by Christmas and that by next April they would be paying rates,” said Mr Webber.

MD Of Unitas Hits Out At Tesco Receiving Business Rates Relief

Darren Goldney, the Managing Director Of Unitas Wholesale, has criticised the government’s decision to allow Tesco and other major supermarkets to benefit from millions of pounds worth of business rates relief at a time when they are seeing bumper growth.

Tesco’s interim results last week showed its pre-tax profit had climbed 28.7% to £551m despite additional costs of £533m related to extra staffing and safety measures in response to the pandemic. The hike in costs was partially offset by the jump in food sales driven by stockpiling and increased consumption at home. However, Tesco also benefitted from business rates relief of £249m over the six month period, which will increase to nearly £600m for the year as a whole.

Goldney said: “This is a disgrace. The near 30% half-year rise in Tesco’s profit suggests that over the full year it could make an extra £600m – almost exactly the same as the amount of taxpayers’ money the government is handing over to them.

“On the same day of this profit announcement, independent wholesalers supplying hospitals, care homes, community pubs etc are shedding staff, loss-making and reviewing a future of borderline survival.”

Many of Unitas's 170 wholesale members have lost up to 80% of their trade as a result of lockdown and fear there is worse to come.

"The Scottish Government has shut down the hospitality sector again, and driven consumers back to Tesco and the other national supermarkets," Goldney continued. "We can see the same happening elsewhere in the UK and whilst we naturally don't like and may not agree with measures that hurt, we do respect government has to make tough decisions. However, what we can't respect is an absolute failure to manage fairly the consequence of those decisions and allow 'viable' businesses and jobs go to the wall because they've put billions into the wrong place."

Goldney said it was "absurd" that large supermarket chains should get financial support that enables "huge" profit growth. Highlighting that the hospitality and health care sectors along with other businesses like care homes rely on wholesalers, he said it was "equally absurd" that the government doesn't understand the need to keep that supply chain viable.

He continued: "I don't know how these people can sleep at night – the Chancellor and his team who made such a blundersome initial award, and the Tesco management who I'm sure are good people who have worked really hard, but ultimately have been the recipient of both cash they did not need and huge sales increases on the back of the pandemic.

"On our side, the sleepless nights are caused by wholesalers having received no meaningful support at all, especially the business rate relief that we've continually asked for. They have been doggedly keeping open critical routes to care homes, hospitals and hospitality, even making a loss to do so. Some just can't do it much longer."

Goldney called on the government and businesses that have received a coronavirus "windfall" to "do the right thing".

He concluded: "Taxpayers money is finite. The money is in the wrong place and 'wholesale' is able to laser target it to those in the supply chain who support outlets that our population rely on."

In a statement responding to the rates row, Tesco said: "We have incurred very significant costs, extra costs, in running the business. In the half-year, those are £533m. Broadly in the full year, we expect those to be about £725m and the rates relief is £533m. So, it's against the backdrop of serving customers, keeping people fed and giving them what they need and supporting government initiatives against the vulnerable that the business performance should be measured."

Time to reform rates burden

It has been a sobering week for anyone hoping the worst of the coronavirus and its impact on our way of life was behind us.

The steady rise in infections in many parts of England this week meant new restrictions to curb the spread were unavoidable. The Chancellor's more generous job support for those under strict restrictions should cushion the blow for the most affected and keep more people in work.

However, many firms, including pubs and restaurants, will still be hugely disappointed if they have to close their doors again after doing so much to keep customers and staff safe.

But while these reactive support measures will help protect lives and livelihoods through the autumn and winter, broader steps will be needed to secure a long-term economic recovery.

Make no mistake, businesses are being challenged like never before. The resurgence in Covid-19 and its inevitable restrictions, plus the looming Brexit finale, represent an unprecedented twin threat to future prosperity.

With no timescale known for an end to the first of these problems, and 'no deal' still a frighteningly real prospect for the other, it's proving impossible for businesses to plan too far ahead right now.

But not all problems are as new as these – or as difficult to solve. Indeed, one of the most long-term and recurring frustrations for the business leaders I meet across the Yorkshire and Humber, is the issue of business rates.

Business rates are – and should remain – an important source of revenue in England, for both central and local authorities. Companies recognise this. But they welcome Government moves to reform a system which was introduced 30 years ago, and which has seen little genuine evolution since – other than to creep upwards to the current European-high rate of nearly 50p in the pound. The rates system in its current form is out-of-date, unsustainable and in urgent need of remodelling. That much is acknowledged by all parties. And the time to act is now.

Without reform, business rates will continue to rise. And analysis published this week by the CBI and Avison Young reveals that would amount to an additional burden for business of a further £6bn over the next five years.

At a time when so many businesses are scrapping simply to survive, that could well spell the end for swathes of our region's industry.

The CBI is advocating a major reform which would see the Uniform Business Rate frozen at 49.9p for the remainder of the current revaluation period (up to 2022/23) and then reduced to 44p – still higher than many other countries and well above the 35p level at which rates were first introduced in 1990.

We also believe revaluation timescales should be delayed to ensure assessments properly reflect the economic situation of a post-Covid world, and also believe reliefs should be properly targeted to support the most vulnerable businesses.

The Government accepts action is needed – and it was therefore no surprise that business rates relief was one of the first levers they reached for in the initial package of coronavirus support measures. But wholesale change is overdue, and its need has been dramatically accelerated by the economic damage done by the pandemic.

This must be the moment were we finally rethink the future and instigate meaningful change towards a fairer system which encourages investment and supports the levelling-up agenda.

The latest GDP figures released this week show we are rebuilding our economy, but progress is slow and obstacles remain.

Reducing the business rates burden can help stimulate much-needed growth in Yorkshire and the Humber and beyond.

Amazon warehouses rated like an 'empty farmer’s barn' for business tax, says peer

Business rate reform is needed to level the playing field for High Street shops and online competitors

The 'trivial' amount of tax paid by online retailer Amazon has been slammed as an 'absolute disgrace' by Tory former minister Lord Blencartha.

Warehouses run by Amazon are “rated like an empty farmer’s barn rather than the ruthless mega-retail operations which they are”, he said.

Lord Blencathra said: “I confess that I buy things from Amazon and I hate doing so because they are single-handedly destroying the United Kingdom high street.

“Will the minister make strong representations to the Treasury that the trivial amount of business rates paid by Amazon is an absolute disgrace.

“Their giant warehouses are rated like an empty farmer’s barn rather than the ruthless mega-retail operations which they are.

“Their failure to pay business rates is a greater scandal than their failure to pay corporation tax.”

Amazon is among the retailers that have seen sales soar during lockdown.

It is investing heavily in new warehouses across the UK, including Exeter and Durham, creating more than 4,000 jobs.

Those who want business rate reform say the High Street is being hit by an unfair ratings scheme that does not treat bricks-and-mortar retailers and online competitors the same.

Dr. Stephen Brand, associate professor of economics at the University of Plymouth said: “There is a far bigger issue than Covid-19 – business rates – and this needs urgent reform if we are to sustain our high streets. The current arrangement is very outdated, arguably tied in to some very archaic rules.

“I would suggest that you need firstly to review business rates before you can begin to build an active 21st century high street.”

Lord Blencathra levelled his criticism at Westminster as concerns were raised over the dominance of the global internet marketplace and claims it was passing on the costs of a new digital services tax (DST) to independent sellers who used the platform.

Responding, Baroness Barran, a minister at the Department for Digital, Culture, Media and Sport, said that the Government and the Treasury "absolutely recognise the importance of our high streets".

This was why "a fundamental review" of the system was announced earlier this year, she said.

Tesco hits back as row rages over its business rates relief

Tesco today hit back in the row over it being awarded more than £500m of business rates relief – despite reporting half-year profits of £551m earlier this week.

The retailer responded after Darren Goldney, managing director of Unitas Wholesale, the UK's largest independent group of food wholesalers, called the recent granting of a business rates holiday to it "a disgrace". He said Tesco "had been the recipient of both cash they did not need and huge sales increases on the back of the pandemic".

Tesco responded today: "We have incurred very, very significant costs, extra costs, in running the business. In the half year, those are £533m. Broadly in the full year, we expect those to be about £725m and the rates relief is £533m. So, it's against the backdrop of serving customers, keeping people fed and giving them what they need and supporting government initiatives against the vulnerable that the business performance should be measured."

Goldney, whose organisation represents 170 regional food distributors, said: "It's absurd that large supermarket chains should be receiving financial support that enables huge profit growth. The near 30% half-year rise in Tesco's profit suggests that over the full year it could make an extra £600m – almost exactly the same as the amount of money the government is handing over to them.

"The hospitality sector, health care sector and care homes will need its wholesalers in order to continue. It's equally absurd that the government doesn't understand the need to keep that supply chain viable. We need the government and those who have 'windfall' benefit from this crisis to do the right thing. Taxpayers' money is finite."

Goldney said many of its wholesale members had lost up to 80% of their custom as a result of lockdowns and feared worse was to come. "Sleepless nights are caused by wholesalers having received no meaningful support at all, especially the business rates relief that we've continually asked for. They have been doggedly keeping open critical routes to care homes, hospitals and hospitality, even making a loss to do so. Some just can't do it much longer."

Foodservice wholesalers have been thrown under the bus on business rates relief

It's scandalous that foodservice wholesalers have received so little help of their own

As lockdown restrictions spread, and the furlough scheme unwinds, cinema chains, pubs, restaurants and food to go outlets are closing, with the loss of thousands of jobs – and yet more foodservice wholesalers are following suit, Bidfood the latest.

How it must stick in the craw, therefore, to see Tesco's sales soaring, knowing the Chancellor has handed Tesco alone £585m in business rates relief, having thrown foodservice wholesalers under the bus on the same issue.

But the scandal is not that grocery retailers were given the relief. They've incurred significant extra costs – £553m in Tesco's case, we learned this week – to keep the nation fed, and shown unprecedented teamwork, creativity and commitment. Perhaps the Chancellor should have packaged up the relief to the supermarkets as a 'Make It Safe' fund. After all, it's paid out lots of money to other providers of essential services.

No. The injustice is that foodservice wholesalers have received so little help of their own. Bidfood and Brakes were (rightly) paid to manage the shield list food box deliveries. It's helped, though not enough to prevent job losses at both. But others in foodservice wholesale have been hung out to dry. And the casualties keep rising, including 33% of members at buying group Fairway, 400 at Country Range Group, on top of hundreds of earlier redundancies at Reynolds, LWC Drinks and more.

Currently foodservice wholesalers are shouting into the abyss to be heard. And to date UKHospitality hasn't supported their case, which is surprising. Perhaps it's too busy worrying about the fate of its members. But who will be there to supply our restaurants and cafés when a new dawn arrives? Who will keep supplying the hospitals, care homes and schools when F/S wholesalers throw in the towel?

In the same way GroceryAid has broadened its net to offer funds specifically for employees in the foodservice space, help is needed for foodservice businesses. The food and drink industry risks being divided by this crisis into them and us. But we are in this together. All sides need support to keep the wheels turning. And some much more than others.

What should the government do to reform the business rates system?

No tax should be so high that it directly impacts companies' decisions as to whether they open or close their bricks-and-mortar estate.

It is all down to the multiplier, which at just over £0.51, is too high. An effective 51% tax on the rental value of commercial premises is unaffordable for many businesses. As with income tax, once a tax rate exceeds 50%, the amount collected reduces significantly.

This multiplier has crept high because of 'slippage' between revaluations and annual RPI increases over the past 30 years. The government should now reduce the multiplier to 1990 levels, when the net amount collected in business rates represented 31% of the total RV in the rating list. A 30% tax would be more manageable for businesses to cope with. The government should also rebase the multiplier at every revaluation to avoid the 'creep' upwards.

A lower multiplier also reduces the need for the complex system of reliefs, often introduced to counter high rates bills. Granting reliefs has often been politically expedient, rising almost out of control. In some parts of the country, there are business rates deserts where no rates are paid at all. The system needs to be overhauled. Reliefs should be reviewed every revaluation cycle, which should be at least every three years.

Given the current economic climate, empty property rates relief should be extended, not curtailed. The reason commercial property often lies empty for long periods is due to a lack of market demand and socioeconomic factors – not, as some have suggested, landlords' unwillingness to let properties. The six-month empty rates holiday should be extended from the warehouse and industrial sectors to the retail and office sectors, too.

Business rates form a vital part of local-authority funding. But the system is out of kilter with the current business climate. A 50%-plus tax, likely to rise further, is unsustainable and will lead to further business closures and job losses.

We welcome the call for reform, but the government must offer solutions quickly. A drastic cut in the multiplier and subsequent business-rates bills needs to be introduced now. Leaving this until next year or even the November Budget could be too late.

Tesco defends paying £315MILLION dividend to shareholders - despite getting business rates break worth £249m

Online Tesco food sales doubled and pre-tax profits surged during the pandemic

- Supermarket's finance director says paying shareholders 'the right thing to do'
- Tesco has enjoyed a business rates break from the government worth £249m

Tesco has defended its plans to pay a £315 million dividend to shareholders despite the company enjoying a taxpayer-funded business rates break worth £249m since the outbreak began.

Online food sales doubled and pre-tax profits surged during the crisis, with the UK's largest supermarket posting a 28.7 per cent rise in pre-tax profits to £551 million in the six months to the end of August.

New chief executive Ken Murphy hailed last week as the 'biggest in our history for home delivery' and Alan Stewart, the supermarket's finance director, said paying dividends to shareholders was 'the right thing to do'.

The half-year dividend Tesco is paying out is 20 per cent bigger than in 2019, despite the supermarket relying on millions of pounds of public funds.

Mr Stewart defended the decision and claimed that, over a full year, Tesco's coronavirus-related costs would add up to £725m while the rates relief would be worth £532m.

The costs related to the pandemic include the safety measures installed across stores and the hiring of thousands of new members of staff.

The government introduced the relief to boost retailers at the start of lockdown.

'We have incurred very, very significant extra cost in running the business in the year,' said Mr Stewart. 'It is against a backdrop of keeping people fed and supporting government initiatives against the vulnerable, that the business's performance should be measured.'

Mr Murphy, 53, who joined the business last week, used his opening remarks to pay credit to his predecessor Dave Lewis, 55, who had run Tesco since 2014.

What is the coronavirus business rate holiday?

Rishi Sunak unveiled an astonishing £350billion rescue package in March to try to stave off economic disaster at the height of the coronavirus outbreak.

Among the measures introduced by the Chancellor was a 12-month freeze on business rates.

Under the freeze, businesses in the retail, hospitality and leisure sectors in will not have to pay business rates for the 2020 to 2021 tax year.

You're eligible if your property is a:

- Shop, restaurant, café, bar or pub,
- Cinema or live music venue
- Assembly or leisure property - for example, a sports club, a gym or a spa
- Hospitality property - for example, a hotel, a guest house or self-catering accommodation

He said: 'If we didn't have our house in such good order we wouldn't have been able to respond to Covid in the way we have done.'

Tesco said it has been boosted by the dramatic change in consumer behaviour since the pandemic began.

The change has led to larger, weekly shopping trips and a rapid spike in demand for online deliveries.

Positive Money, a campaign group, criticised the Tesco move. Fran Boait, its chief executive, told the Guardian: 'There needs to be conditions to ensure that any company receiving public support in a time of crisis isn't wasting money on paying out dividends to wealthy shareholders.'

The New Economics Foundation thinktank also slammed the supermarket, with Sarah Arnold saying: 'For Tesco to accept this relief, and then be able to turn around and pass the benefit straight on to shareholders, shows that the system is not fit for purpose – public funds should not be captured as private profit.'

In September, Morrisons hailed the 'renaissance of British supermarkets' as it posted its best sales figures for 16 years.

Gearing up for a full-blown price war with rivals, chief executive Dave Potts said the supermarket had 'played our full part' in the coronavirus crisis.

Retail sales at Morrisons in the six months to August 2 were 11.1 per cent higher than in the same period last year as business boomed during lockdown.

But profits at the group fell 25.3 per cent to £148million as £155million of extra Covid-related costs outweighed the £93million it saved through business rates relief.

However, like Tesco, the supermarket raised its dividend.

The firm raised its interim dividend to 2.04p, handing £49million to shareholders, which it said was a sign of its 'confidence for the future'. Shares fell 4.1 per cent.

The company also took on 46,000 staff in the first half, and will retain at least 13,000 of them on a permanent basis.

The hiring spree helped the supermarket double the number of online weekly orders to 325,000.

Potts also announced its 'biggest ever price cuts on customer favourites', adding it needed to 'compete in recessionary times'.

In less good news, Sainsbury's has announced plans to close more than 100 Local and Argos stores around the UK, as the supermarket giant halts mortgage sales, amid dipping profits.

The grocer said it expects to close up to 70 Argos stores, 15 large supermarkets, and as many as 40 Sainsbury's Local stores.

But it will relocate 80 Argos branches into its supermarkets, and open a further 10 supermarkets and 110 Sainsbury's Local stores.

Meanwhile, panic buying across the UK resumed last month amid fears of a second wave of coronavirus and another lockdown with shoppers reporting queuing for 20 minutes to enter shops before similar further delays at checkouts.

And online customers found it near-impossible to get delivery slots from Asda, Morrisons, Ocado, Sainsbury's and Tesco - some didn't have free slots for up to two weeks.

Restrictions on items which vanished most quickly during the country's first lockdown, such as flour and eggs, have been put in place.

However, shops have insisted that bare shelves once filled with toilet paper and pasta will be quickly restocked.

The improved outlook for supermarkets is a contrast to the devastation the pandemic has caused on the high street.

The future of the high street is 'hanging in the balance' after a huge number of job losses and store closures as a result of the coronavirus crisis, a union leader warned.

Paddy Lillis, general secretary of the shopworkers' union Usdaw, said 125,000 retail jobs have been lost this year.

He added 14,000 shops have closed.

Some 695,000 payroll jobs have gone since March, and there are 2.7million people claiming benefits.

Economists warned that the fall is the tip of the iceberg as it covers a period when the government's massive furlough scheme is in effect - with alarming predictions of mass layoffs to come when it is withdrawn completely next month.

According to the Office for National Statistics (ONS), the number of people on payrolls was down 36,000 in August from July. It is now 695,000 lower than in March.

COVID-19 rules could see 290,000 UK job losses and cost the economy £7bn

Britain's economy is set to lose £7bn ($9bn) and a quarter of pubs are likely to close due to coronavirus restrictions, according to a study based on hospitality industry estimates.

Oxford Economics' report said 11,750 bars will be shut, putting 290,000 jobs at risk, if COVID-19 curfew rules drag into next year.

The findings will add more pressure on the government as prime minister Boris Johnson faces fresh revolt from MPs over the 10pm curfews in the hospitality sector.

On Thursday, health secretary Matt Hancock defended the 10pm curfew imposed on pubs and restaurants. Hancock said, that the government was "seeking to strike a balance, allowing people to continue to socialise safely where that is possible while reducing the social contact that the virus thrives on."

Hancock was urged by MPs across the board and councils in coronavirus hotpots to do more to help hospitality venues. Labour leader Sir Keir Starmer also urged the government to consider whether the 10pm curfew should remain in place.

Conservative party MP Philip Davies has accused the government of running a "nanny state." He told the parliament that the curfew was doing untold damage to businesses and prompting "jobs to be lost, all just to see people congregating on the streets again."

In response to Davies, Hancock said "hundreds of thousands of deaths that would follow is not price to pay" for Davies's preferred option of "just letting it rip."

Meanwhile, the study has found that 78% of pubs are operating at under three-quarter capacity, leading to calls from the industry for more support from the government.

While the report shows that hospitality sector employment could fall by a third as beer sales slump by 15% – leading to a £7bn cost for the economy, the real figures could be worse as calculations were carried out before the impact of the 10pm curfew could properly be factored in.

Chief executive of the British Beer and Pub Association, Emma McClarkin, told The Times: "It's important to remember that outside of the current circumstances our sector is a thriving one and when this epidemic ends it will be key to driving the economic bounce back we will need. For that to happen though the government must invest in it now to ensure it's still here to play that role."

McClarkin has written to ministers to urge them to extend the March deadlines of the VAT cut, business rates holiday for the hospitality industry as well as cut in beer duty.

It comes as, chancellor Rishi Sunak, last week admitted unemployment will continue to rise, after he unveiled a package of new crisis measures designed to save firms and jobs.

The star of the show was a "job support scheme," drawn up as a successor to the furlough scheme which has kept millions of workers employed — due to end in October.

Sunak set out a string of new policies in his "Winter Economy Plan", which firms cautiously welcomed but warned did not go far enough to prevent lay-offs.

The finance minister also announced an extension of four coronavirus loan schemes for firms, VAT cuts for the hospitality sector, and more time for firms and individuals to pay taxes. Sunak also extended grants for the self-employed for six months, though only covering 20% of average monthly profits.

Hospitality bodies make fresh plea for urgent government aid

The groups have asked for a beefed-up grants scheme to cover costs during lockdowns in a letter seen by Sky News.

Britain's biggest hospitality groups have issued a fresh plea for government aid and warned that more than half a million job losses will emerge across the sector within weeks unless it materialises.

Sky News has seen a letter sent this week to Paul Scully, the business minister, in which industry bosses called for extended tax cuts and a beefed-up grant scheme to cover operating costs in regions of the UK where local or nationwide lockdowns have been implemented.

The letter - from the chief executives of UK Hospitality, the British Beer & Pub Association and British Institute of Innkeeping - was sent as data was published showing that new curfew restrictions on pubs, bars and restaurants sent sales plunging by nearly a quarter during the last week of September, according to the Coffer Peach Business Tracker.

The three trade bodies urged Mr Scully to help secure an amendment to the terms of the Treasury's new Job Support Scheme by increasing the level of state subsidy.

"Without this change we anticipate almost no hospitality business being able to use the scheme while the current restrictions are in force," the letter said.

"The hospitality jobs at risk are only unviable in the short term because of the severe trading restrictions in place and these jobs will return once restrictions are eased, as demonstrated over the summer."

This week, the pub groups Young's and Fullers have signalled plans to cut 1,000 jobs between them, with many more expected to follow as the Coronavirus Job Retention Scheme closes this month.

The trio also asked for an extension to the business rates holiday for companies subject to COVID-19 restrictions, as well as an extended VAT cut and urgent talks about how to deal with the rising debt mountain being accrued by hospitality businesses in the form of unpaid rent.

"This will be particularly critical to the recovery of city centre businesses, which have been so badly hit by the COVID crisis and have suffered the slowest recovery," they wrote in relation to the business rates request.

"Confirming an extension of the holiday would underpin investment through the winter."

In the letter to Mr Scully, the industry chiefs also said the current grant system offering up to £500-per-week did "not reflect in any way the 'real life' operating costs of running a hospitality business".

They added that the impact of the pandemic on the sector was "being felt right the way through the supply chain".

"Business failures at an operational level will have a far more widespread social and economic impact, particularly affecting the profitability and viability of many brewers.

"We would therefore also ask that consideration be given to measures to build confidence and resilience here through a cut in beer duty."

LGA’s CSR submissions calls for £10bn injection and business rates caution

Councils need an injection of £10bn a year by 2024 to meet growing demand pressures and improve services for communities, the Local Government Association has told ministers.

In its submission to the Comprehensive Spending Review the LGA also calls for the devolution of powers and funding over skills, flood defences and the national citizen service.

However, it urges caution over the future localisation to business rates, calling on the government to abandon the planned move from 50% to 75% retention in 2022 in order to aid certainty. Government should “only revisit this, if appropriate” once its review of the future of business rates concludes, the submission says.

It also urges the government to commit to three-year local government finance settlement this year. However, the government’s original commitment to a three-year spending review is increasingly in doubt after the Budget was cancelled.

The submission calculates that councils will face a funding gap of £5.3bn by 2023-24 just to provide services at current levels, assuming 2% annual increases in council tax and inflation-linked growth in grants.

However, meeting growing demand, such as in children’s social care and homelessness, will require a further £1.9bn while councils’ ambitions to help communities recover from Covid-19 and reduce inequality would require a further £2.9bn. This could be used to fund investment in early intervention and prevention, reforming adult social care pay, boosting connectivity and improving parks and green spaces.

LGA chair James Jamieson (Con), said the pandemic had “shone a light” on the highly valued services councils provide”.

“Councils are focused on supporting communities through this crisis and beyond as we look to rebuild our economy, get people back to work and level up inequalities. That is why the first Comprehensive Spending Review in more than a decade will shape the direction of this country for years to come.

“Securing the immediate and long-term sustainability of local services must be the top priority.

"The ambition of councils goes way beyond just maintaining services the way they are today. We want to create new hope in our communities."

Greggs boss calls for business rates reform over firm's "unsustainable" £25m bill

Roger Whiteside said the system based on property values was unfair before the coronavirus outbreak and the need for reform is now even greater

Greggs boss Roger Whiteside has called for the UK's business rates system to be reformed, saying that the £25m the company currently pays each year no longer reflects the value of its shops.

Mr Whiteside joins a number of business leaders in criticising the current business rates system, which is based on the value of company's physical locations.

Campaigners say the rates system does not reflect the value of businesses in the digital age, and has led to much lower payments for companies such as Amazon which sell goods online but don't have a presence in often expensive city centres.

But they were left disappointed earlier this year when the Government deferred the next valuation of shops and other business premises until 2023.

Businesses have been given a holiday from business rates as part of measures to support firms introduced by the Government during the coronavirus pandemic.

But Mr Whiteside said: "Everybody recognises something needs to be done. The difficulty is coming up with an answer that's equitable to all parties.

"Fundamentally, what we're arguing for is that rates are a form of taxation based on property but those property values were reflective of times pre-Covid. Even before Covid, rates were out of sync with real property values because they aren't re-valued every year.

"So there was already a flaw in the basis of that taxation system. That's been exaggerated and accelerated by the Covid crisis because clearly these rates just make no sense based on a property value relative to the values that prevail post-Covid. We're all now paying too much property tax, we need to get that tax down.

"But the problem for the Government is that they know that, but at the same time they need tax, so how do they get tax from somewhere else if they bring our tax down? It's a difficult question.

"The message now is that we're paying disproportionately high levels of tax because it's based on property and the property values themselves has fallen. That tax should fall too. It's not good enough to just defer it, it needs to be re-based."

Mr Whiteside said he was not arguing for an online tax to replace the current business rates system, as some retailers have.

Greggs' chief financer office Richard Hutton said there was an "increasing understanding that this is not a sustainable way of enforcing taxation and it is increasingly skewed towards businesses like ours and other retailers".

But he added that the company was not banking on any change in the system by the time the business rates holiday is wound up next March.

Greggs said earlier this week that it was looking to cut staff after sales fell well below last year’s levels during the pandemic. It hopes to reduce the number of redundancies if existing workers accept a reduction in hours or being moved to any new shops that open.