

**Cllr Guy Nicholson**  
**Cabinet Member for Planning, Business & Investment**

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Rt Hon Philip Hammond MP  
Chancellor of the Exchequer  
House of Commons  
London  
SW1A 0AA  
*via email: hammondp@parliament.uk*

11 November 2016

A handwritten signature in blue ink that reads 'Dear Chancellor,'.

I am writing to raise Hackney's concerns over the proposed increase to business rates in our borough following the recent revaluation. I urge the Government to either put a hold on implementing the increase or ensure that should any rise be implemented it is done so in a way which does not undermine the growth of our diverse, innovative and thriving business community at this time of economic uncertainty.

Hackney stands to see an overall increase of 46% in its business rate rateable value, higher than anywhere in London and five times the England average. We estimate this would result in more than 370 local businesses seeing their rates rise by between £10,000 and £100,000 from April next year.

As a consequence of Hackney's economic success over the past decade there has been a large increase in property values and rents; figures of up to £70 per sq foot are now being charged in Shoreditch for commercial space. This rapid increase has distorted the borough's revaluation and ignores the reality that many of its established businesses, in Shoreditch and elsewhere in the borough, have not seen an equivalent rise in profits that could accommodate such a massive hike in business rates alongside rising commercial rents.



Hackney has supported the growth of one of the UK's most successful new economic clusters, known as Tech City. The borough hosts a renowned creative sector that has generated thousands of new jobs and apprenticeships and given rise to a new generation of entrepreneurs across many different creative disciplines. The borough has become one of the UK's preferred destinations for innovators, creatives and makers to invest in and do business.

We estimate there will now be more than 500 business properties in the borough which face a new rateable value of between £28,000 and £35,000, putting them just above the threshold to be classed as 'medium' rather than 'small'. These will therefore be subject to a business rates rise of up to 12.5% in the first year, instead of 5%.

However, the impact will be greatest for the borough's 562 properties with a rateable value of over £100,000, classing them as 'large'. These face increases of up to 45% under the Government's preferred option, which for about 20 of them will result in a bill increase way in excess of £100,000 next year.

It is becoming clearer that Hackney's economic growth in the new creative sectors and the future of our local traditional businesses are now seriously undermined by the disproportionate severity of the current revaluation proposals. All are now at risk of sliding into stagnation, forcing relocation instead of expansion, and replacing job creation and thriving business clusters with unemployment and empty buildings. Alongside the increased rates is the current economic uncertainty surrounding Britain's exit from the EU, already making planning for the future difficult for many businesses.

The public sector is also affected. Hackney's schools now face an increase in rateable value of 41%, equating to £2.2 million. Having to spend more of the Dedicated Schools Grant on business rates means our schools will have less to spend on pupils, improvements and day-to-day costs. The Council itself faces a rise of £1 million on its buildings. At a time of unprecedented cuts to local government funding, these extra costs put further pressure on our public services.

It would, of course, be preferable to freeze the implementation until 2020, or at least until the negotiations are completed around the future of our relationship with the EU. Failing that and if this regressive increase is to be implemented, we are calling for the phasing of the new rates over a longer period, and the introduction of lower caps for annual increases so businesses have adequate time to plan ahead. The past three revaluations have seen an annual cap on 'large' properties of 12.5% and, given the current economic climate, even this is overly severe.



Alongside this it would be helpful if a dedicated Valuation Office for London, one which better understands the complexities and nuances of the capital's property market and its various economies, was formed. One that can also efficiently manage the many business rates appeals which Councils face each year, appeals that are

anticipated to increase as a direct result of the higher rateable value. There are appeals submitted by Councils for determination in 2010 that still have not been determined by the National Valuation Office.

Please do not hesitate to get in touch should you require a personal briefing on the forecast impact of the business rates revaluation on Hackney's businesses and, of course, you would be most welcome to visit Tech City and learn about the business community in this part of East London.

I look forward to hearing from you in due course.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Guy Nicholson', with a long horizontal flourish extending to the right.

**Cllr Guy Nicholson**

Cabinet Member for Planning, Business and Investment  
London Borough of Hackney

cc: Sajid Javid, Secretary of State for Communities and Local Government  
Greg Clark, Secretary of State for Business, Energy and Industrial Strategy  
Matt Hancock MP, Minister of State for Digital Policy  
Sadiq Khan, Mayor of London  
Diane Abbott MP  
Meg Hillier MP



