The Fitzrovia Partnership
Business Improvement Districts

5 November 2025

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

By email: CEU.Enquiries@hmtreasury.gov.uk

Dear Chancellor,

I am writing on behalf of The Fitzrovia Partnership about the upcoming Autumn Budget and the plan to introduce higher business rates for larger premises from April 2026.

The Fitzrovia Partnership is the Business Improvement District for Fitzrovia, partnering with employers, landlords and local authorities across Camden and Westminster to support economic growth, sustainability and a high-quality district. We recognise the aim of supporting high streets, but we ask that no high value multiplier is applied in April 2026 to districts such as Fitzrovia. Our requests for the upcoming budget is to maintain a single national core multiplier with a published multiyear path, put in place a phased 2026 transition to avoid sharp first year rises, and begin broadening the tax base to reflect both property use and modern sales channels. We set out these points at our recent business briefing, where business rates were a central topic of discussion among local employers.

Fitzrovia is a net contributor to national growth. In 2023 our district generated £13.2 billion in GVA, equal to 2.29% of London's economy. According to analysis done by The Fitzrovia Partnership (Appendix 1) on the OBR-aligned path Fitzrovia reaches about £14.9 billion by 2030, with local trend scenarios higher. This performance rests on a dense mix of professional services, information and communication, creative industries, construction and real estate, and hospitality. This strength is built on a finely balanced ecosystem of sectors that benefit from agglomeration, and a further rise in fixed costs, taken together with changes to employment rights and NICs, risks disturbing that balance and discouraging business growth and investment in the area.

The current rating profile for The Fitzrovia Partnership members shows where fixed costs already sit. Total local rateable value exceeds £198 million. Eighty-five hereditaments above £500,000 RV represent about 22% of occupiers yet around 59% of liability within our area. These anchors drive weekday spend and support thousands of jobs across hospitality and smaller firms.

The proposal to fund lower multipliers for retail, hospitality and leisure by raising a higher multiplier on properties over £500,000 RV would concentrate extra costs on a very small group

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of businesses, many of them in Inner London. These are also the employers that support the widest range of jobs in Fitzrovia, from entry level through to highly skilled roles. Independent analysis of government data by the Heart of London Business Alliance indicates that only about 0.8% of English properties fall in scope, yet around 44% of the take would come from Inner London, implying roughly a 20% bill increase for those affected in Inner London before any revaluation effects. London boroughs retain only a small share of business rates in aggregate, about 20%, and as low as around 6% for the City of Westminster and the City of London combined. The effect is to move the cost of national reliefs from the Exchequer onto London ratepayers without improving local services.

At Fitzrovia scale the impact is clear. Applying plausible parameters for a higher multiplier alongside revaluation effects produces an additional annual liability of £5.9 million to £19.4 million across those 85 sites, a 9% to 30% uplift. That is funding otherwise available for refurbishments, decarbonisation, fit-outs and team growth.

There are wider market signals that deserve attention before any new surcharge is set. Ministers have confirmed that analysis of the new multipliers will only be published when the rates are set at Budget 2025 for bills in 2026–27. In practice, this means leases, staffing and capex decisions in 2025 must be made without a full impact assessment, at the same time as the revaluation outcome, with the risk that Inner London values rise further. A change of this scale should be phased, evidenced, and predictable.

A growth lens suggests a better route. Keep one core multiplier for simplicity and certainty. If government proceeds with any differential in 2026, phase it in with a short, automatic transition to avoid first-year shocks and compounding. Resource the Valuation Office Agency and case handling so triennial revaluations are credible and timely. Then broaden the base over time so that contributions reflect both property use and sales channels, using existing collection systems. Comparable models show that resetting the property multiplier to 34.8p and adding a modest, channel-agnostic levy on online sales collected via the VAT system could reduce property bills by around 31% to 37% while meeting revenue needs, without new primary legislation or extra administrative layers.

This matters on the ground. Fitzrovia's jobs pipeline to 2030 is concentrated where weekday demand from anchors is essential: hospitality, retail and leisure are projected to add 4,266 jobs; professional, scientific and technical 3,225; information and communication 2,940; creative and media 1,502; construction and real estate 1,188. A sharp rise in unavoidable fixed costs for larger occupiers will soften that pipeline and dampen spillover spend in local shops, venues and services.

Our members are committed to investing in upgrades, retrofits and jobs. A single core multiplier with a published glidepath, a smooth 2026 transition, and a plan to widen the base will keep central London investable and sustain revenues for the country. We would welcome

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the chance to discuss a practical route that supports national growth while maintaining the competitiveness of the UK's leading employment districts.

Yours sincerely,

Andrew Munk
Chief Executive
The Fitzrovia Partnership

CC:

Rt Hon Sir Keir Starmer MP, Holborn and St Pancras
Rachel Blake MP, Cities of London and Westminster

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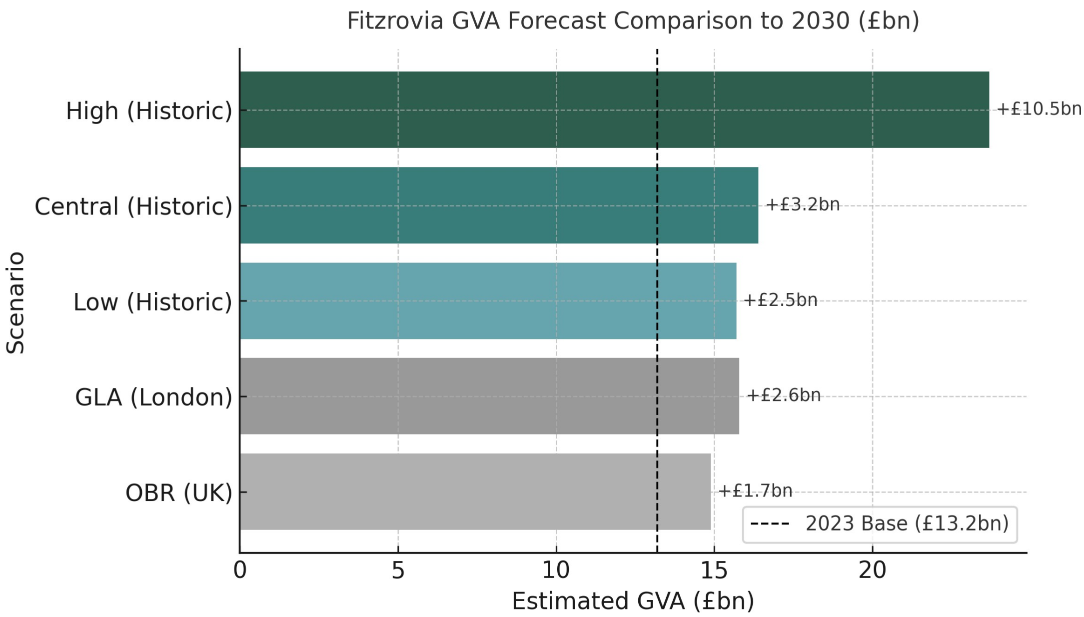
The Fitzrovia Partnership Economic Forecast Report 2025–2030

In 2023, Fitzrovia generated **£13.2 billion** in GVA, equal to **2.29% of London**, 0.62% of England, and 0.54% of the UK (rising to 2.82% of London when the City of London is excluded), and on current projections even the most conservative OBR scenario indicates the area will add about **£1.7 billion,** approaching £2 billion, of additional GVA by 2030.

However, more immediate concerns are the business rates revaluations where businesses in Fitzrovia with a rateable value above £499,999—around 22% of occupiers—face potential increases of between **£5.9 million and £19.4 million**, equating to **9% to 30% higher liabilities** under proposed reforms.

GVA Growth Forecast

GVA measures the economic output of an area and is a key indicator of productivity. Fitzrovia's economy has consistently outperformed both London and UK averages. Based on historic data (2013–2022) and forward projections, three local scenarios derived from historic performance are shown alongside regional and national baselines.



Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

SCENARIO	ANNUAL GROWTH	2023 BASE (£BN)	2030 ESTIMATE (£BN)	VARIANCE (£BN)	CHANGE VS 2023
Low (Historic Trend)	+2.4%	13.2	15.7	+2.5	+19%
Central (Historic Trend)	+3.3%	13.2	16.4	+3.2	+24%
High (Historic Trend)	+8.9%	13.2	23.7	+10.5	+80%
GLA (London Baseline)	+2.5%	13.2	15.8	+2.6	+20%
OBR(Uk Baselin)	+1.8%	13.2	14.9	**+1.7**	+13%

Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

Business Rates Outlook

The 2023 revaluation has increased rateable values (RV) across central London. In Fitzrovia, total RV now exceeds £198 million, with 85 hereditaments valued above £500,000. These higher-value properties represent around 22% of local businesses but account for roughly 59% of total business rates liability within The Fitzrovia Partnership membership area.

A national business rates reform will take effect from 1 April 2026, introducing new valuation adjustments that will particularly affect properties with an RV above £500,000. Independent modelling based on government consultation data suggests these properties could face average increases in annual business rates of around 26%. The uplift results from a higher multiplier for larger premises, designed to fund reductions for retail, hospitality, and leisure businesses.

Key findings:

- **85 businesses** are above the threshold, representing **22% of hereditaments** in our portfolio.
- Their combined rateable value is **£117.5 million**, which is **59% of our total RV**.
- Their current business rates liability is **£64.6 million**, also **59% of our total liability**.
- Depending on how the high-value multiplier and revaluation are applied, the additional liability across these businesses could be:
    - **Conservative scenario (+5p multiplier):** £5.9 million (c. 9% uplift)
    - **Middle scenario (+10p multiplier and +5% RV – consistent with HOLBA's 26% modelling):** £15.6 million (c. 24% uplift)
    - **Worst case (+10p multiplier and +10% RV):** £19.4 million (c. 30% uplift)

Future growth sectors Top growth sectors to 2030 (jobs)

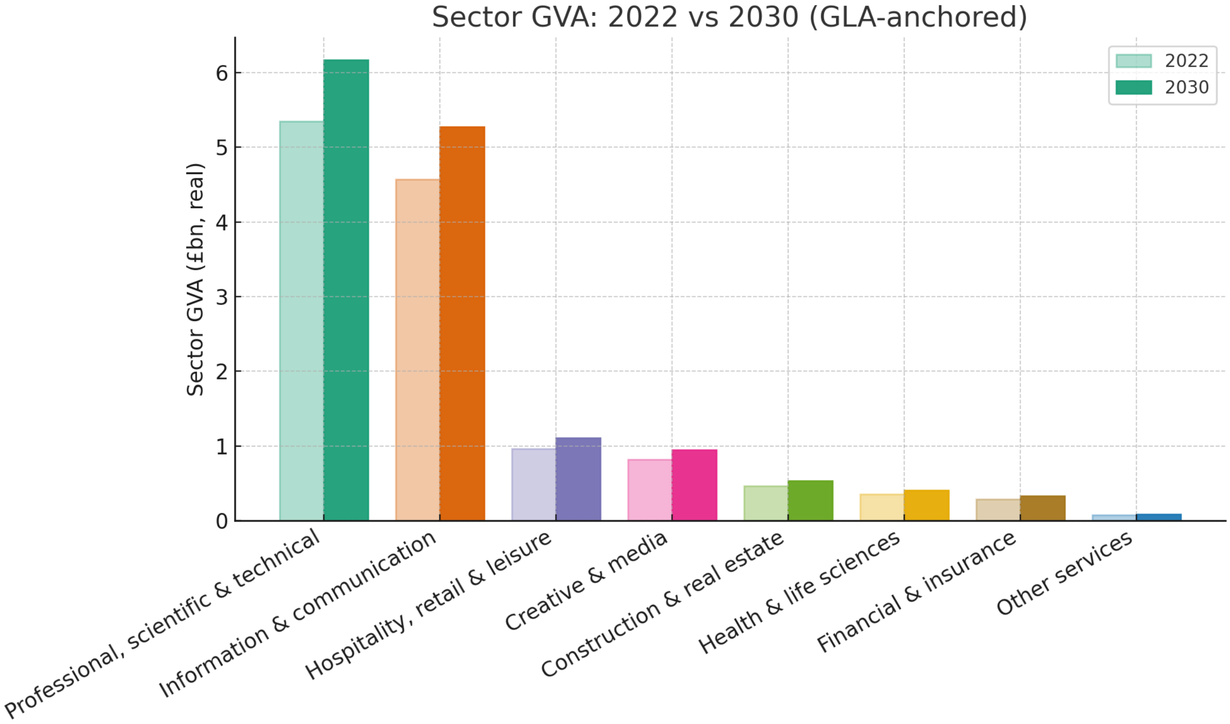
Based on the latest jobs baseline and 2030 projections, Fitzrovia's top growth areas by absolute job increase are:

SECTOR	JOBS 2023	JOBS 2030	CHANGE	% CHANGE
Hospitality, Retail & Leisure	28,018	32,284	4,266	15.2%
Professional, Scientific & Technical	68,042	71,267	3,225	4.7%
Information & Communication	62,039	64,979	2,940	4.7%
Creative & Media	14,009	15,510	1,502	10.7%
Construction & Real Estate	9,506	10,694	1,188	12.5%

Source: Nomis BRES (latest) and derived projections using GLA total GVA and ONS industry productivity benchmarks.

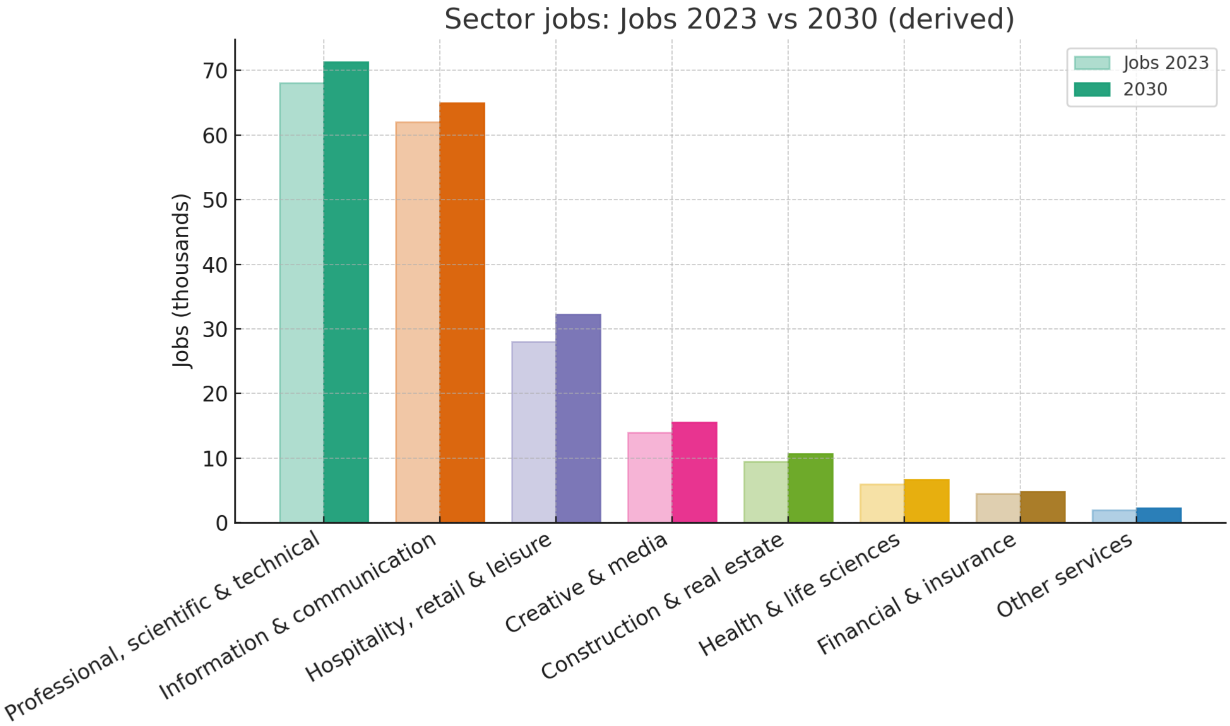
Appendix: Fitzrovia – Sector Growth to 2030

GVA (real): 2022 £12.9bn - 2030 £14.9bn.



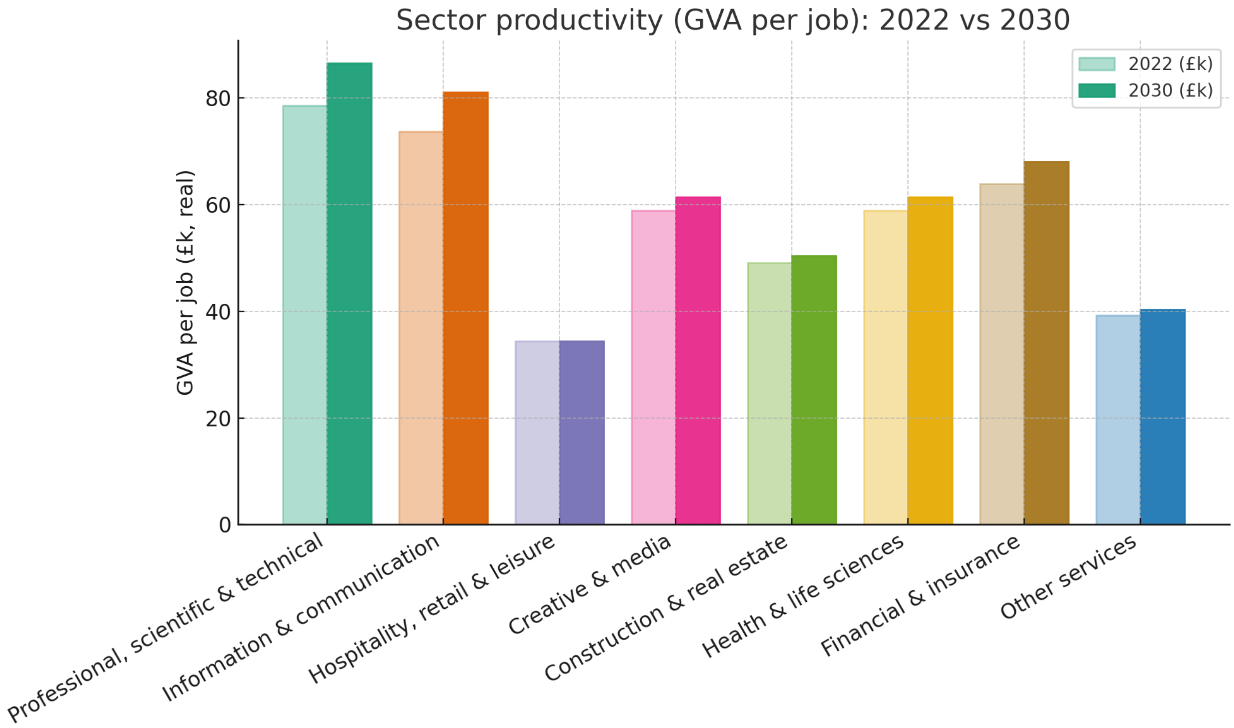
Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

Figure 1. Sector GVA: 2022 vs 2030
Source: GLA London Economic Outlook (central path); allocations based on Nomis BRES jobs and ONS productivity benchmarks.



Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

Figure 2. Sector jobs: Jobs 2023 vs 2030
Source: Nomis BRES (latest); projections derived via sector productivity assumptions grounded in ONS industry evidence.



Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

Figure 3. Sector productivity (GVA per job): 2022 vs 2030
Source: ONS industry productivity benchmarks; see Methods for mapping and rates.

Latest jobs and 2030 projection by sector

GROWTH SECTOR	JOBS 2023	PROJECTED JOBS 2030	CHANGE IN JOBS (TO 2030)	% CHANGE TO 2030
Professional, Scientific & Technical	68,042	71,267	3,225	4.7
Information & Communication	62,039	64,979	2,940	4.7
Hospitality, Retail & Leisure	28,018	32,284	4,266	15.2
Creative & Media	14,009	15,510	1,502	10.7

Construction & Real Estate	9,506	10,694	1,188	12.5
Health & Life Sciences	6,004	6,647	644	10.7
Financial & Insurance	4,503	4,868	365	8.1
Other Services	2,023	2,276	253	12.5

Source: Nomis BRES (latest); ONS productivity; GLA London forecasts; local analysis.

Methods & Sources

- Totals (GVA 2022 and 2030): Greater London Authority, London Economic Outlook (central scenario).
- Historical levels: ONS Small Area GVA 1998–2022 (chained-volume, real).
- Employment by sector (latest): Nomis, Business Register and Employment Survey (BRES).
- Sector mapping: SIC sections to Fitzrovia growth sectors (e.g. M - Professional; J - Information & communication; K - Financial).
- Relative productivity weights: Benchmarked using ONS London GVA by industry divided by London BRES jobs by industry to indicate £ per job by SIC section.
- Productivity trends (historic-leaning): conservative annual real rates derived from ONS industry productivity evidence for the 2010s–early 2020s (e.g. J/M ≈ +0.8%/yr; G/I around 0% to −0.2%/yr).