

# Will a cabinet reshuffle help or hinder your business rates?

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With less than ten days until the autumn budget, a cabinet reshuffle could signify problems for business rates payers. Jeremy Hunt remains Chancellor of the Exchequer, allowing for some breathing room, but a government shakeup this dramatic will undoubtedly have far-reaching consequences. As concerns as to the former home secretary's ability to stay in office reared its head, it was bounced about that Michael Gove could be offered the position.

Michael Gove has served as the Secretary of State for Levelling Up, Housing and Communities since October 2022. It is this department that oversees business rates policy. At the beginning of the 2023 revaluation, the average national increase for rateable values (RV) in England and Wales was 7.1%. However, according to [BPI](#), business rates had already risen by an average of 18% in 2022.

The 2022 autumn budget saw a seemingly unprecedented level of support for businesses being put into place. Including freezing the multipliers at 51.2p (standard multiplier) and 49.9p (small business multiplier). Thereby freezing [business rates](#) overall. However, they were frozen at their highest level since their introduction in 1990. Typically, the multipliers drop in value at the beginning for each rating list period. However, this is not what happened in 2023; and now both multipliers are expected to rise once again in 2024. The multiplier (the pence in the pound you pay against your rateable value) is linked to inflation as measured by the Consumer Price Index (CPI) for the previous September (in this case September 2023). CPI for September stagnated at 6.7%, indicating a potential increase of over £1.5 billion in business rates bills.

## Michael Gove has overseen every policy development for business rates since October 2022

Typically, a minister or secretary of state is more likely to be shunted sideways into another department at the same level, than they are to be promoted within their original department. That the chancellor and Michael Gove have both remained stable in their positions implies that the government is confident in their ability to carry out a long-term plan. Cabinet reshuffles can have the effect of making a prime minister look strong, or weak. Much of which depends on personal opinion. Clearly, the government does not believe there to be a problem in how business rates and the economy in general are being handled, as the chancellor and Michael Gove remain where they are.

"When major shifts happen in politics, we need to sit up and pay attention." Anthony Hughes of [RVA Surveyors](#) commented, "Especially when we are so close to events like the autumn budget. Incoming policy changes could mean make or break for so many over this holiday period alone."

The inflation-linked increase is set to come into play later this month. Business leaders from some of the UK's biggest retailers and chains have stipulated that immediate action on business rates needs to happen before the expected increase. While Gove has undoubtedly been at the forefront of some of the biggest changes in business rates (along with the chancellor), it is now clear that fortune is swinging in the opposite direction as the government remain silent.

David Kelly, Head of Insolvency at PwC, said that the October [figures](#) show that smaller businesses are bearing the brunt of the rise in insolvencies in England and Wales:

"[...] Looking ahead, unfortunately we expect the number of insolvencies to remain high in the final months of this year, with no sector immune from the prevailing external challenges."

## While policy may be tweaked before the autumn budget, major changes are unlikely

If Gove were to be removed from Secretary of State for Levelling Up, Housing and Communities, then it would be the long-term (i.e. in the next financial year) when his successor would have the biggest impact.

The shock return of political heavyweight David Cameron indicates that the prime minister is looking for consistently experienced cabinet members. While Gove and Hunt have both served in government before, they have only been in their current respective posts for around twelve months. As the wider

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reshuffle continues, it brings up the inevitable question. Would a more experienced political figure be better to take on the bulk of business rates policy? And if so, then who?

“Cabinet reshuffles can bring a sense of dread, because you don’t know who’s going to take over a position, or even if they’re qualified for it. Right now, announcements on business rates policy for the autumn budgets is unlikely to change from what we think it’s going to be. That’s what we in the rating industry are focusing on,” Hughes added.

“An additional bill of over £1.5 billion is the last thing commercial property owners and tenants need.”

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