



## **Budget Submission from Heart of London Business Alliance**

Heart of London Business Alliance (HOLBA) represents more than 500 businesses and property owners across London's West End — including Piccadilly, St James's, Haymarket, and Leicester Square. Our members are at the centre of the UK's experience economy, spanning retail, culture, hospitality, entertainment, and the creative industries.

Collectively, they:

- Contribute over £12.8 billion to the UK economy,<sup>1</sup>
- Support more than 100,000 jobs,<sup>2</sup>
- Generate £345 million in business rates<sup>3</sup>, and
- Attract over 83 million visitors annually<sup>4</sup>.

Our mission is to protect and enhance the commercial and cultural vitality of one of London's most iconic districts.

We fully support the Government's ambition to drive sustainable economic growth as the most effective means of funding vital public services. With the experience economy in the UK now worth £300 billion<sup>5</sup> and forecast to reach \$12.8 trillion globally by 2028<sup>6</sup>, London is uniquely positioned to lead this growth. The Mayor of London has recognised this by identifying the experience economy as one of five key pillars for London's future prosperity.

The Heart of London area — combining world-class culture, commerce, and entertainment — is central to this opportunity. However, businesses across the area continue to face escalating operating costs eroding margins and constraining investment. Targeted fiscal measures are

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<sup>1</sup> *Annual Economic Real Estate Report 2024 – 2025, Heart of London Business Alliance*

<sup>2</sup> *ibid*

<sup>3</sup> *Annual Economic Real Estate Report 2023 – 2024, Heart of London Business Alliance*

<sup>4</sup> *Annual Economic Real Estate Report 2024 – 2025, Heart of London Business Alliance*

<sup>5</sup> *Unlocking the Experience Economy. Driving Growth in the West End. February 2025. Heart of London Business Alliance*

<sup>6</sup> *ibid*

needed to support businesses, safeguard jobs and ensure the West End remains a powerful engine of growth and investment for the UK.

We are therefore asking the Treasury to consider three key policy interventions that will boost productivity, protect economic growth, and strengthen London's global competitiveness:

## **I. Level the Playing Field: Real Reform of Business Rates**

HOLBA estimates that transferring the funding of the permanent, uncapped 40% business rates discount for high street businesses from the Exchequer to ratepayers coupled with rising rateable values will create an additional £2 billion tax burden on London with large businesses facing an average 26% increase.<sup>7</sup>

We urge the Government to:

- **Introduce an effective transitional relief scheme**

To ensure that the legally required transitional relief scheme genuinely mitigates the immediate financial shock of the revaluation process and new higher multipliers.

- **Widen the tax base through a Combined Business Rate**

The current system was designed over 30 years ago for a predominantly bricks-and-mortar economy. Today, more than 20% of the UK economy is digital, yet these businesses contribute proportionally less to local taxation. HOLBA's Combined Business Rate proposes a modest 2% levy on all online sales, raising an estimated £6 billion annually — sufficient to fund a 40% cut in business rates for all high street businesses.

Unlike previous online sales tax proposals, this scheme would:

- Apply broadly to all online sales (excluding activities that bring people into local economies such as click-and-collect, hotel bookings, and theatre tickets);
- Raise six times more than a narrow online retail levy; and
- Use the existing VAT framework for efficient assessment and collection.

More information: [Real Rates Reform | Heart of London Business Alliance](#)

## **2. Restore Tax-Free Shopping to Boost Visitor Spending**

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<sup>7</sup> The Potential Impact on Businesses of the Government's Business Rate Reform proposals, January 2025, Heart of London Business Alliance (HOLBA) and additional [analysis](#) done by HOLBA in August 2025

Ending tax-free shopping has made the UK less competitive as a global shopping destination. The Association of International Retail (AIR) estimates that this policy has cost London £1.6 billion in lost international spending in 2024, as tourists redirected their purchases to France, Spain, and Italy.

- VisitBritain data show that while international visitor numbers to the UK in 2024 were 1.4% below 2019 levels, France and Spain saw growth of 12% and 11%, respectively.
- Restoring tax-free shopping — and crucially, extending it to EU visitors — could make the UK the only European destination offering VAT-free shopping to 450 million EU residents, unlocking an estimated £3.4 billion in additional foreign spending and 68,000 new jobs in London alone.<sup>8</sup>

We therefore urge the Treasury to:

- Commission a review of the economic impact of reintroducing tax-free shopping, including the potential benefits of extending eligibility to EU residents

This would be a cost-free and commitment-free step that demonstrates the Government's willingness to adopt evidence-based, pro-growth policy.

### **3. Safeguard the West End's Future: Increase Police Resources**

Rising crime threatens the safety, reputation, and commercial viability of the Heart of London area:

- Westminster consistently ranks among the five most crime-affected boroughs in London, with a crime rate 27% above the London average<sup>9</sup> and 65% of all incidents occurring in the West End.<sup>10</sup>
- Theft now accounts for over 60% of these crimes<sup>11</sup>, having tripled in recent years<sup>12</sup>, causing severe operational and financial strain for local businesses.

This environment damages not only business operations but also London's global reputation as a safe and attractive destination for investment and tourism. HOLBA's analysis of social media sentiment found that references to "crime in London's West End" increased from 4,497 in 2023 (73% negative) to 10,634 in 2024 (78% negative).

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<sup>8</sup> Association of International Retail, 2025

<sup>9</sup> CrimeRate, 2 November 2024, [Westminster Crime and Safety Statistics | CrimeRate](#)

<sup>10</sup> Cumulative Impact Assessment, Westminster City Council, 2023

<sup>11</sup> Cumulative Impact Assessment, Westminster City Council, 2023

<sup>12</sup> Met Police UK Data Exporter, extrapolated for the Heart of London area for 2021-23

We acknowledge the additional policing resource committed by the Mayor and Met Commissioner to the West End earlier this year but additional resourcing is still needed given the years of underinvestment. We therefore call on the Government to:

- Increase Metropolitan Police resourcing for London's West End;
- Ensure police allocations reflect economic importance and footfall levels; and
- Protect the area's reputation as a secure, world-class destination for retail, culture, and hospitality.

## **Conclusion**

The Heart of London area is not only a cultural landmark but also a vital economic engine for the UK. By reforming business rates, restoring tax-free shopping, and investing in safety, the Government can unlock a powerful wave of growth, employment, and global competitiveness - strengthening both London and the national economy.

We would welcome the opportunity to discuss these proposals in more detail with Treasury officials.