



HOUSE OF COMMONS

LONDON SW1A 0AA

James Murray MP  
Chief Secretary to the Treasury  
HM Treasury  
The Correspondence & Enquiry unit  
1 Horse Guards Road  
London  
SW1A 2HQ

Our Ref: EC16984/KT2 March 2026

Dear James,

Re: concerns about the impact of business rates and VAT on small businesses in Pembridge.

I am writing on behalf of several small business owners and residents who have voiced their concerns about the ongoing battle for survival which small and independent businesses are facing in Pembridge, North Herefordshire.

I have received several pieces of correspondence in recent weeks expressing very real concerns that the unfortunate conflation of high business and VAT rates, rising national insurance contributions, and the increasing costs of raw materials and utilities could lead to many of these businesses shutting down in the near future, stripping away these crucial foundations of the local economy and community in Pembridge.

Pembridge is a small rural village whose local economy depends heavily on a cluster of independent enterprises, including cafes, pubs, a gallery, a farm shop, a hairdresser, a village shop and takeaway businesses. Among those specifically referenced by constituents are Bloom & Grind café, the New Inn, the Red Lion, Old Chapel Gallery, the Steppes village shop, Pembridge Pizzas, the Cider Barn and other independent traders.

These small businesses operate on extremely narrow margins, especially outside of the tourist season when footfall reduces significantly, and many operate from older buildings which have higher maintenance and utilities costs. Many of these businesses have also described how these pressures have been compounded by the cumulative impact of flooding, deteriorating transport infrastructure, and rising insurance costs.

Constituents describe how these local businesses perform both an economic and a social function: by providing jobs they also provide employment opportunities for young people in the area who would not realistically be able to work elsewhere while at college or on a break from university because of the limited public transport links locally. For older residents these businesses act as informal community hubs, which helps to combat social isolation, especially crucial for those who lack access to private transport.

Residents repeatedly highlighted the role these businesses played during the COVID-19 lockdowns. Local shops and pubs organised deliveries when supermarket slots were unavailable, they provided informal welfare checks and acted as communication points for vulnerable residents. This community resilience, however, is now under threat.

One of the central concerns expressed by my constituents is the inequity of a “one-size-fits-

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all” business rates and VAT regime that does not sufficiently differentiate between large corporations which operate at a national and international level and smaller enterprises which operate locally. National and international companies with larger economies of scale and often significant cash reserves are able to weather sustained periods of economic crisis, cost shocks, and seasonal volatility, all of which are felt much more acutely by small and medium sized businesses as is clearly the case in Pembridge.

I recognise that the Government has recently introduced some reforms to help small businesses including reduced multipliers, transitional protections and additional discounts for pubs. While these measures are welcome, my constituents in Pembridge remain concerned that the current system continues to rely primarily on property-based valuations and does not adequately take into account the extent of the challenges faced by rural small businesses such as seasonal trading patterns, rural isolation and lower margins.

In the longer term, I believe my constituents would be best served by further structural reform to the current business rates system that recognises the distinctive characteristics of small and medium sized businesses in rural areas.

These considerations also align well with the Green Party’s position that decision-making power over business rates should be devolved to local authorities to allow them to exempt socially and economically essential local enterprises from business rates where appropriate.

There is a clear risk that without further government intervention some of these businesses in Pembridge could close.

I would therefore welcome a detailed response setting out:

1. What steps the government is taking to restructure the business rates system so that it is more supportive of smaller and medium sized enterprises.
2. Whether the government will consider reducing VAT rates for smaller and medium sized businesses.
3. What further targeted support the government will introduce to support small and medium sized businesses in rural areas.
4. Whether the government will consider devolving decision making over business rates to local authorities.

I look forward to your response outlining what concrete measures the government is planning to support small and medium sized enterprises in rural villages such as Pembridge.

Yours sincerely

A handwritten signature in black ink, appearing to read 'E Chowns', written in a cursive style.

Dr Ellie Chowns MP  
Member of Parliament for North Herefordshire