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Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (11/2010)

This is the 11th business rates information letter to be issued by Communities and Local Government this year. Previous letters are available on the internet at:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/Busratesinformationletters/>

This letter covers:

- **2011-12 provisional multipliers**
- **Empty property rate relief threshold**
- **The NDR Contributions (England) (Amendment) Regulations 2010**
- **Localism bill**

The provisional multipliers for 2011-12

1. Under Schedule 7 to the Local Government Finance Act 1988 (the 1988 Act) as amended there are two multipliers. The small business non-domestic rating multiplier, which is applicable to those that qualify and apply for the small business relief, and the non-domestic rating multiplier, which includes the supplement to pay for the small business rate relief scheme.

2. The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2011-12 is based on the 2010-11 multiplier adjusted for RPI inflation for September 2010 (4.6%)

3. This provides a provisional small business non-domestic multiplier for 2011-12 of 42.6p.

4. Schedule 7 of the 1988 Act also provides that the non-domestic rating multiplier is the small business non-domestic multiplier plus an adjustment to fund the estimated cost of the small business rate relief scheme.

5. The Secretary of State has estimated that the supplement to fund small business rate relief should be at 0.7p for 2011-12.

6. The provisional non-domestic multiplier will therefore be 43.3p in 2011-12.

7. In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the local government finance report for 2011-12 has been approved by Parliament or 1 March 2010.

Empty property rate relief threshold

8. We would like to remind authorities that, from 1 April 2011, the rateable value threshold below which empty properties are exempt from rates will revert to £2,600. The threshold was £2,200, before it was temporarily increased in 2009-10 and 2010-11. However, it has now been uprated to £2,600 in line with the general movement of property values at revaluation.

9. Billing authorities will also want to update the information they provide to local business ratepayers on their websites and through other channels to reflect this announcement.

The Non-Domestic Rating Contributions (England) (Amendment) Regulations 2010/ 2952

10. On the 14 December 2010 the Non-Domestic Rating Contributions (England) (Amendment) Regulations 2010 (SI Number 2952) were laid before Parliament and will come into force on 31 December 2010.

11. The regulations are available at:

<http://www.opsi.gov.uk/si/si201029>

Localism bill

12. The matters set out below are proposals within the Localism Bill that will impact upon the non-domestic rating system. Further information will follow as the Bill progresses through Parliament.

Business rates supplements ballot

13. The Localism Bill proposes to amend the Business Rate Supplements Act 2009 to provide that all proposals for the imposition of a Business Rate Supplement ("BRS") will require approval by a ballot of all persons eligible to vote, as opposed to the current position where a ballot is only required if the BRS is to fund more than one third of the total cost of the project to which the BRS relates.

Discretionary power for local authorities to grant business rate discounts

14. The Localism Bill proposes to amend section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a broad power to grant relief to any local ratepayer. Except in a few limited cases, this will be subject to the condition that the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

Small business rate relief

15. The Localism Bill proposes to amend section 43 of the Local Government Finance Act 1988 to remove the legal requirement for a ratepayer to submit an application form. Secondary legislation will be amended to ensure that businesses receive the small business multiplier regardless of the number of properties that they occupy.

Cancelling backdated business rates

16. The Localism Bill proposes to amend the Local Government Finance Act 1988 to provide a power for the Secretary of State to prescribe by regulations conditions for the cancellation of certain backdated non-domestic rates due in respect of the 2005 rating list.

17. The Localism Bill is available at:

<http://services.parliament.uk/bills/>