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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 (10/2010): General Rating Information**

This is the tenth business rates information letter to be issued by the Department for 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:**

- **Local Growth white paper**
- **Temporary increase in small business rate relief new burden**
- **Changes to the business rates calculator**
- **NNDR2**

**Local Growth white paper**

1. Today the Government has published a White Paper: "*Local growth: realising every place's potential*". This outlines proposals to provide stronger incentives for councils to support long term sustainable growth in their local economies. A copy is available on the Department for Business Innovation and Skills website at [www.bis.gov.uk](http://www.bis.gov.uk).
2. The paper confirms the Government's intention to consider the scope to allow councils to retain locally raised business rates. This will be taken forward through the Local Government Resource Review which will start in January 2011 and will consider a number of important issues. These include the possible impacts on councils where locally raised funding might be insufficient to meet budget requirements, as well as councils who do not collect business rates. The key principles would be that the policy delivers a genuine incentive effect and reward for promoting growth, whilst providing strong protection to business ratepayers.

3. The paper also confirms the Government's intention to introduce new powers to enable authorities to carry out Tax Increment Financing. Councils can use Tax Increment Financing borrowing to fund key infrastructure and other capital projects, which will further support locally driven economic development and growth. This too will be taken forward through the review.

Comments on this element of the white paper can be sent to:

[GrowthIncentives@communities.gsi.gov.uk](mailto:GrowthIncentives@communities.gsi.gov.uk).

### **Temporary increase in small business rate relief new burden**

4. We would like to thank billing authorities for delivering the extra relief to ratepayers.
5. As you will all be aware, the Government are committed to fully fund the net costs of the scheme to local government as a whole under the new burdens policy. We have now assessed the total new burden as being £3.43m. That covers the costs of sending a mailshot, rebilling and refunds, and software changes. We will write to billing authorities with details of individual allocations and make the necessary payments shortly.

### **Changes to the business rates calculator**

6. The business rates calculator on the Business Link website has been amended from 1 October to reflect the change in small business rate relief. Where the ratepayer maybe eligible for relief, the calculator now shows the bill for the six months to 30 September and then for the six months to 31 March (to illustrate the different levels of relief).
7. The purpose of the business rates calculator over the 2010 revaluation was to provide ratepayers with an accurate forecast of their new 2010 rates bill when they received their rateable value from the VOA. In this respect it was very successful and ensured that several hundred thousand ratepayers got an accurate picture of their future rates bill. Having served its purpose, the transitional arrangements element has now been removed from the calculator.

### **National non-domestic rates 2**

8. You are reminded that now is an ideal time to reassess your authority's contribution to the NNDR pool following the adjustment to the rules governing small business rate relief that came into force from 1 October 2010
9. If you find that your contribution to the pool is expected to be lower than anticipated on your NNDR1 form then you are encouraged to submit an NNDR2 form as soon as possible.
10. The form, plus the guidance notes can be found on the DCLG website at:

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/usefulinformation/formstimetable/otherforms/>.

The usual rules on the thresholds under which an NNDR2 form is able to be submitted have been suspended for the period 1 October 2010 until the end of that financial year. Local authorities will therefore be able to submit revised NNDR2s for that period as desired.