



Department for
Communities and
Local Government

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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 (11/2014);

This is the eleventh 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:

<https://www.gov.uk/business-rates-information-letters>,

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/busratesinformationletters/>.

- **Autumn Statement**
- **2015-16 Provisional Multipliers**
- **Property Owner Business Improvement Districts**

Autumn Statement

Business Rates Measures

The Government announced at the 2014 Autumn Statement a package of business rates measures:

- doubling Small Business Rate Relief for a further year (2015-16);
- a 2% cap on the inflation increase for 2015-16 (September's RPI, by which bills were due to increase, was 2.3%);
- increasing the temporary £1,000 discount for shops, pubs and restaurants with rateable values below £50,000 to £1,500 for 2015-16;
- to extend in effect the existing transitional relief scheme for two years for properties with a rateable value up to and including £50,000. As a result of this measure, small properties (with a rateable value of less than £18,000/£25,500 in London) that would otherwise face bill increases above 15% and medium sized properties (with a rateable value of £50,000 or less) that would otherwise face bill increases above 25% will benefit. This will be delivered using Localism Act discounts on which the Department will publish guidance shortly. This measure will not affect those ratepayers in transition to lower bills whose scheme will end on 31 March 2015; and
- business rates appeals: backdating – the government will change the rules so that alterations to rateable values can only be backdated to the period between 1 April 2010 and 1 April 2015 for Valuation Office Agency alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015.

Local authorities will be refunded for the loss in business rates receipts as a result of these measures. Refunds will be made through s31 grants. We will provide further information on implementation of all measures shortly.

Business Rates Reform

The Government also made the following announcements at Autumn Statement:

- the Government has announced that it will review the future structure of business rates and will report before Budget 2016. The review will not consider changes to the principle that some of the revenue from business rates should directly fund local government. It will fully consider the impact on local government funding of any changes to the structure of business rates;
- business rates administration review: interim findings – the government will publish interim findings in December 2014 setting out a summary of stakeholder responses and providing an update on how the government proposes to respond to businesses' calls for clearer billing, better sharing of information and a more efficient appeals system; and

- business rates avoidance: discussion paper – the government will publish a discussion paper on the nature and scale of business rates avoidance in December 2014.

The Provisional Multipliers for 2015-16

Under Schedule 7 to the Local Government Finance Act 1988 (as amended) there are two multipliers. The small business non-domestic rating multiplier which is used for those properties with a rateable value below £18,000 (£25,500 in London); and the non-domestic rating multiplier, paid by properties above those levels and which includes the supplement to pay for the small business rate relief scheme.

The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2015-16 is based on the 2014-15 multiplier adjusted for Retail Price Index inflation for September 2014 (2.3%) unless HM Treasury exercises its order making power.

As mentioned above, the Government announced at the Autumn Statement that HM Treasury will exercise that order making power and reduce the effect of the Retail Price Index increase to 2%.

This results in a provisional small business non-domestic multiplier for 2015-16 of 48.0p. Schedule 7 to 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.

The Secretary of State has estimated that the supplement to fund small business rate relief should be 1.3p for 2015-16.

The provisional non-domestic multiplier will therefore be 49.3p in 2015-16. In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the Local Government Finance Report for 2015-16 has been approved by the House of Commons or 1 March 2015, whichever is earlier.

Property Owner Business Improvement Districts

The Business Improvement Districts (Property Owners) (England) Regulations 2014 (**SI 2014/3204**) were signed on 1 December 2014 and came into force on 2 December 2014.

The regulations stem from powers conferred by the Business Rates Supplement Act 2009 and allow for property owner Business Improvement Districts to be promoted where a Business Rate Supplement and a ratepayer Business Improvement District are in place (currently only in London). This means that, in the first instance, property owner Business Improvement Districts can only exist in London.

The regulations largely mirror those for ratepayer Business Improvement Districts. They can be found at the following link:

<http://www.legislation.gov.uk/uksi/2014/3204/contents/made>.