



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 (3/2016): Autumn Statement Measures and 2017 Revaluation

This is the third 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/government/collections/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 2016**
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Autumn Statement 2016

Rural Rate Relief

The Autumn Statement confirmed that the Government will double rural rate relief to 100% from 1 April 2017. The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief.

However, before the requirement to grant mandatory relief comes into force we expect local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017. Local authorities will be compensated in full for their loss of income as a result of this change. This compensation will be paid by section 31 grant and calculated on the basis of the returns that councils make under the rates retention scheme.

Rate Relief on Telecom Fibre Optics

The Government will provide a new 100% business rates relief for new full-fibre infrastructure for a five year period from 1 April 2017 to support the rollout of new full-fibre broadband infrastructure and future 5G communications to homes and businesses.

We will introduce the necessary changes to primary legislation as soon as that is possible. We anticipate that this will enable the relief to be backdated to April 2017. Therefore, no action is required yet by local authorities. DCLG and the Valuation Office Agency will work with the telecoms sector and local government on implementing the relief and will publish guidance on how it will operate in due course.

2017 Revaluation and Transitional Relief

We have published the transitional relief scheme for the 2017 revaluation and the associated regulations. The Government continues to believe it is important to provide the greatest support to small and medium businesses seeing increases and to also allow those small and medium businesses seeing reductions to gain quickly from the revaluation.

The transitional relief scheme has been developed using detailed data on the 2017 revaluation prepared independently by the Valuation Office Agency. The scheme must be revenue neutral and, in order to continue to support small and medium businesses, the Government has decided to provide less relief for large businesses than in 2010. However, following consultation, and based upon the latest data from the Valuation Office Agency, we have been able to provide more support for those businesses valued at over £100,000 than proposed in the consultation.

The Government's response to the consultation on the transitional arrangements for the 2017 business rates revaluation and the relevant regulations can be found at the following links:

<https://www.gov.uk/government/consultations/business-rates-revaluation-2017>.

<http://www.legislation.gov.uk/id/ukdsi/2016/9780111151655>

Provisional 2017-18 Multipliers

In September the Government proposed the multiplier would reduce to ensure the revaluation does not raise any more in rates. Using the latest data from the revaluation, we have proposed to reduce the small business non-domestic multiplier for 2017/18 from **48.4p** to **46.6p**. The national non-domestic multiplier will fall from **49.7p** to **47.9p**. The multipliers will be confirmed after either the Local Government Finance Report for 2017-18 has been approved by Parliament or 1 March 2017, whichever is earlier.

Update on Budget 2016 Measures

Small Business Rate Relief

At Budget 2016, the Government confirmed that the doubling of the Small Business Rate Relief (SBRR) from 50% to 100% will be made permanent from 1 April 2017. The £6,000 and £12,000 thresholds will increase to £12,000 and £15,000 respectively. Therefore, hereditaments with rateable values of £12,000 or below that meet the eligibility criteria will receive 100% relief and those businesses with rateable values between £12,001 and £14,999 will receive tapered relief. The taper will operate as at present – with 100% relief for eligible hereditaments with an RV of £12,000 or below, decreasing to 0% relief for hereditaments with an RV of £15,000 or above.

The threshold for the standard business rates multiplier will also increase from a rateable value of £18,000 (£25,500 in London) to £51,000. We will compensate local authorities for loss of income through section 31 grants and will amend the relevant regulations to bring these changes into effect from 1 April 2017.

Local Newspapers

The Chancellor announced at the Budget that the Government will introduce a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017. The relief will be delivered through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act. We will reimburse billing authorities for the actual cost to them under the rates retention scheme of granting this relief. The guidance for business rates relief for local newspapers can be found at the following link:

www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers

Public Toilets

The Government intends to introduce the necessary legislation to enable local authorities to use their existing discretionary relief powers to support publicly owned public toilets from 1 April 2018.

Information on Local Authority Websites

It is important that ratepayers are able to easily access accurate information on business rates, particularly on business rate reliefs. We would therefore urge you to check that your websites are up to date and do not have out of date or inaccurate information.

Better Billing and Digitalisation Measures

At Budget 2016 and following the Business Rates Review, the Government stated its commitment to work with authorities to standardise business rates bills, ensure ratepayers have the option to receive and pay bills online, make explanatory notes available online and end multi-year billing. This letter is to give you notice of the changes which will be introduced to support these commitments. We have worked closely with the Business Rates Billing and Collection Forum, which includes members from across the local government sector, in developing these measures.

Publishing Explanatory Notes Online:

From 1 April 2017, authorities will no longer be required to provide individual copies of explanatory notes when bills are issued. Instead, authorities will be required to publish explanatory notes online, based on model explanatory notes provided by DCLG. The Government intends to make the necessary amendments to the relevant regulations to implement this change for April 2017.

End Multi-Year Billing On a Single Bill:

Feedback from ratepayers during the Business Rates Administration Review was that multi-year bills are difficult to understand. We intend to amend regulations to end multi-year billing by removing the current provision in the (amended) 1989 regulations that allow for a single notice to cover more than one year. The Government intends to make the necessary amendments to the relevant regulations to implement this change for April 2017.

A Standard Simplified Business Rates Bill:

Responses to the Business Rates Administration Review also said that ratepayers found existing bills (even for single year periods) difficult to understand. At Budget 16 the Government committed to work with local authorities across England to standardise business rate bills. The Department is continuing to work with the sector on this commitment, and is aiming to develop and share a model best practice example bill in 2017. The

Government does not intend to regulate to enforce any mandatory changes to bill format (apart from the changes above) ahead of April 2017.

Online Payment and Receipt of Business Rate Bills

The Government is committed to ensuring that all ratepayers have the opportunity to both receive and pay bills online. The vast majority of authorities already offer online payment of bills. A significant number also offer online receipt of bills (either via email or online accounts). The Government does not intend to introduce a legislative requirement to provide electronic bills by April 2017. However, where authorities do not already provide this service, we expect that they should be working towards implementation as soon as possible and Government intends to make this a mandatory requirement by April 2018.