



# National non-domestic rates to be collected by local authorities in England 2018-19 (revised)

- Local authorities estimate the non-domestic rating income for 2018-19 will be £24.8 billion, an increase of £847 million, or 3.5%, on the figure for 2017-18. This is what authorities estimate they will collect after all reliefs, accounting adjustments and sums retained outside the rates retention scheme are taken into consideration.
- Local authorities report they will grant a total of £4.1 billion of relief from business rates in 2018-19. Of this £2.8 billion is the cost of other mandatory relief, £1.1 billion is the net cost of small business rate relief and £228 million is the cost discretionary relief.
- The £1.1 billion small business rate relief cost is a net figure. Authorities estimate they will grant £1.7 billion relief under the Small Business Rate relief scheme, but this offset by other businesses contributing £626 million in the form of a supplement to cover some of the cost of this relief.

Introduction	2
National non-domestic rates to be collected by local authorities in England 2018-19	4
Reliefs to be granted by local authorities 2018-19	6
Reliefs to be funded by Section 31 grants	8
Definitions	10
Technical notes	15
Enquiries	18

**Responsible Statistician:**

Jo Coleman

**Statistical enquiries:**

0303 444 2146

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

**Media Enquiries:**

0303 444 1209

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

**Date of next publication:**

February 2019

# Introduction

This release has been compiled by the Ministry of Housing, Communities and Local Government (MHCLG) and it provides information on national non-domestic rates and associated information for the financial year 2018-19 and comparisons with 2017-18. This information is derived from the national non-domestic rates (NNDR1) returns submitted by 326 out of 326 billing authorities in England.

Non-domestic rates, or business rates, are collected by billing authorities and are the way in which those that occupy a non-domestic property (or hereditament) contribute towards local services. Since 2013-14 local authorities are allowed to retain a proportion of the revenue that is generated in their area. The NNDR1 form collects data that estimates what authorities will collect and the out-turn data (collected on the NNDR3) is what was collected.

Apart from properties that are exempt from business rates, such as agricultural land, parks and places of worship, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA). Billing authorities work out the business rates liability for every hereditament by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers, the non-domestic multiplier and the small business non-domestic rate multiplier. The former is higher because it includes a supplement which is used to fund the Small Business Rate Relief scheme, which is designed to help small businesses meet the cost of their business rates.

The Government sets the multipliers for each financial year for England according to formulae set by legislation. Previously, the multipliers increased in line with the Retail Price Index (RPI) in September of the preceding year however in 2014-15 and 2015-16 the Government capped the increase in the multiplier at 2% to provide business rate payers with additional support, and this has had a knock on effect in subsequent years which authorities are being compensated for this through a Section 31 grant. In the Autumn 2017 Budget, Government announced that the multipliers would increase in line with the Consumer Price Index (CPI) in September of the preceding year from 2018-19. This change is also being compensated for through a Section 31 grant.

In addition to the Small Business Rate Relief scheme, rateable properties may also be eligible for other discounts or reliefs on their business rates bills. Some of these are mandatory i.e. they are automatic entitlements in any billing authority area, and some are discretionary relief which are granted at a billing authority's discretion. New reliefs have been introduced since the start of this series, and some of these reliefs are time limited, as a result changes across years are not strictly comparable. Further information about the types of reliefs available are presented in **Table 2**.

Further details about the business rates retention scheme and an explanation of hereditaments can be found in the *Definitions* section of this release.

## Special factors affecting 2017-18

### Revaluation and transitional relief

Every few years, the government adjusts the rateable value of business properties to reflect changes in the property market. This is known as a revaluation. At revaluation, the Government also revises the business rates multiplier to reflect the aggregate change in rateable values. As the revaluation is not designed to raise any more or less tax, the Government adjusts the multiplier. So the small business non-domestic multiplier for 2017-18 was reduced from 48.4p to 46.6p. The national non-domestic multiplier fell from 49.7p to 47.9p.

The latest revaluation came into effect on the 1 April 2017 and reflected the rental market as at 1 April 2015. Table 1 therefore shows a discontinuity between 2016-17 and 2017-18 to reflect the revaluation.

At a Revaluation, the Government also puts in place a transitional scheme that protect small and medium business ratepayers from significant step-changes in bills, by phasing-in increases over a number of years. The net transitional arrangements shown in Table 1 reflects the difference between revenue foregone and additional revenue collected, because the rates bills of ratepayers are being phased up or down as a result of the transitional scheme.

### Small business rates relief

In the 2016 Budget, Government announced a permanent doubling of small business rates relief and there have been changes to the thresholds, meaning that 100% relief will be given to all businesses that have a rateable value of below £12,000, and tapering of the relief for businesses with a rateable value between £12,000 and £15,000. This was previously a temporary doubling that required an extension each year. The threshold at which a higher multiplier is applied has been increased from £18,000 (or £25,500 in Greater London) to £51,000. These changes may have affected the small business rates figures.

## Special factors affecting 2018-19

In the Spring 2017 Budget, Government announced three new discretionary reliefs – supporting small businesses relief, discretionary scheme relief and pub relief. These all took effect from 1 April 2017, but had been announced after the 2017-18 forecasts had been collected. These are included in **Table 2**.

In the Autumn 2017 Budget, Government announced that the multipliers would increase in line with the Consumer Price Index rather than the Retail Price Index.

Further details of the national multiplier and small business rate multiplier and the new reliefs can be found in the *Definitions* section of this release.

# 1. National non-domestic rates to be collected by local authorities in England 2018-19

**Table 1** gives details of the amount of national non-domestic rates local authorities estimate they will collect in 2018-19 and the reliefs they will grant. The multipliers used are also shown. The national non-domestic multiplier for 2018-19 includes a 1.3p supplement to fund the Small Business Rate Relief scheme.

- Local authorities estimate the non-domestic rating income for 2018-19 will be £24.8 billion, an increase of £847 million, or 3.5%, on the figure for 2017-18. This is what authorities estimate they will collect after all reliefs, accounting adjustments and sums retained outside the rates retention scheme are taken into consideration.
- Local authorities report they will grant a total of £4.1 billion of relief from business rates in 2018-19. Of this £2.8 billion is the cost of other mandatory relief, £1.1 billion is the net cost of small business rate relief and £228 million is the cost discretionary relief.

## Appeals

As part of the NNDR1 process authorities are required to make an estimate of how much income they will forego as a result of changes to rating lists, including appeals by businesses against their valuations. This includes both income not collected in year and also refunds they have to make in respect of previous years.

The figure for 2018-19 represents authorities' best estimate of the total future loss of non-domestic rates on the 2017 Rating list.

- Local authority estimates of the net addition to the appeals provision is £1.2 billion in 2018-19.

Table 1 National non-domestic rates to be collected by local authorities 2014-15 to 2018-19 <sup>(R)</sup>

	Outturn			£ million Forecast		Change between 2017-18 and 2018-19	
	2014-15	2015-16	2016-17	2017-18 <sup>(e)</sup>	2018-19	£ million	%
<b>Gross rates payable in year</b>	<b>26,039</b>	<b>26,660</b>	<b>27,215</b>	<b>   29,488</b>	<b>30,545</b>		
Net cost of Small Business Rate relief	580	539	584	908	1,098		
Other mandatory relief	2,471	2,594	2,655	2,744	2,794		
Discretionary relief	312	445	143	128	228		
<b>Total cost of reliefs</b>	<b>3,363</b>	<b>3,577</b>	<b>3,382</b>	<b>   3,780</b>	<b>4,120</b>	<b>340</b>	<b>9.0%</b>
<b>Gross Rates Payable in year less total cost of reliefs</b>	<b>22,675</b>	<b>23,083</b>	<b>23,833</b>	<b>   25,708</b>	<b>26,425</b>	<b>717</b>	<b>2.8%</b>
Net cost of transitional arrangement <sup>(a)</sup>	119	165	109	-119	28		
<b>Net Rates Yield (Gross Rates Payable less net cost of Transition)</b>	<b>22,794</b>	<b>23,248</b>	<b>23,942</b>	<b>   25,589</b>	<b>26,453</b>		
<b>Accounting adjustments</b>							
Losses in collection <sup>(b)</sup>	221	228	235	303	307		
Net addition to appeals provision	770	287	-164	1,318	1,154		
Interest payable	2	4	1	-	-		
Deferrals	-60	-	-	-	-		
<b>Total cost of accounting adjustments</b>	<b>932</b>	<b>519</b>	<b>72</b>	<b>   1,621</b>	<b>1,460</b>		
<b>Other deductions from collectable rates<sup>(c)</sup></b>	<b>214</b>	<b>260</b>	<b>204</b>	<b>   -24</b>	<b>124</b>		
<b>Disregarded Amounts</b>							
Amounts retained in respect of Designated Areas	15	14	29	27	48		
Amounts retained in respect of Renewable Energy schemes	22	38	51	50	59		
<b>Total Disregarded Amounts</b>	<b>38</b>	<b>51</b>	<b>80</b>	<b>   77</b>	<b>107</b>		
<b>Non-domestic rating income from rates retention scheme (Net Rates Yield less Accounting adjustments, Other deductions &amp; Disregarded amounts)</b>	<b>21,610</b>	<b>22,417</b>	<b>23,585</b>	<b>   23,915</b>	<b>24,761</b>	<b>847</b>	<b>3.5%</b>

  

	2014-15	2015-16	2016-17	2017-18 <sup>(e)</sup>	2018-19 <sup>(f)</sup>
Small business rate multiplier (pence)	47.1	48.0	48.4	46.6	48.0
National non-domestic rates multiplier (pence)	48.2	49.3	49.7	47.9	49.3
Number of hereditaments on rating list as at 30 Sept ('000s) <sup>(d)</sup>	1,787	1,816	1,831	1,856	1,882
Total aggregate rateable value of all hereditaments on rating list as at 30 Sept (£ million) <sup>(d)</sup>	57,069	57,224	57,289	63,212	63,213

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms

(a) No transitional relief awarded in 2015-16 or 2016-17, however 2015-16 outturn reflects transitional arrangements in respect to previous years.

(b) Losses in collection - write offs are not included in the Total cost of Accounting Adjustments

(c) Other deductions from collectable rates includes an allowance for cost of collection & legal costs, a special authority deduction for the City of London, and the net cost of transitional protection payments made to authorities to reverse the effects of transitional arrangements

(d) Data taken from VOA local list as at 30 September of the previous year e.g 2015-16 data taken as at 30 September 2014 except for 2018-19 as per (f) below

(e) Revaluation comes into effect 1st April 2017

(f) 2018-19 VOA Data as at 1 April 2017

(R) 2018-19 figures revised

## 2. Reliefs to be granted by local authorities in 2018-19

**Table 2** shows figures for mandatory and discretionary reliefs billing authorities expect they will grant in 2018-19. Mandatory reliefs are automatic entitlements in any billing authority area whereas discretionary reliefs are granted at a billing authority's discretion.

- Of the estimated £4.1 billion relief to be granted from business rates, £2.8 billion is mandatory relief excluding small business rate relief.
- Authorities estimate they will grant £1.7 billion relief under the Small Business Rate relief scheme for 2018-19 whilst receipts from the supplement paid by some businesses to fund the Small Business Rate relief scheme in 2018-19 are expected to be £626 million. This gives a net cost of the scheme of £1.1 billion.
- Local authorities expect to grant a total of £228 million discretionary relief in 2018-19.
- Total relief provided to charitable occupations (that is both mandatory and discretionary relief) is expected to amount to £1.9 billion in respect of 2018-19, and these reliefs account for 46% of the total relief to be granted.
- Authorities estimate the amount of relief to be granted to empty premises in 2018-19 will be £806 million.

Table 2 : Cost of reliefs from national non-domestic rates : 2014-15 to 2018-19 <sup>(R)</sup>

	Outturn			£ million		Change between	
	2014-15	2015-16	2016-17	Forecast 2017-18 <sup>(b)</sup>	2018-19	2017-18 and 2018-19 £ million	%
<b>MANDATORY RELIEFS</b>							
<b>Small Business Rate Relief</b>							
<b>In respect of current year</b>							
Relief provided in year	1,061	1,123	1,165	1,537	1,724		
of which: relief on existing properties where a 2nd property is occupied	-	-	-	3	3		
Additional yield generated from the small business supplement	543	646	651	629	626		
Net cost of small business rate relief in respect of current year	518	477	514	908	1,098		
Net cost of small business rate relief in respect of previous years	62	61	69	-	-		
<b>Net cost of small business rate relief</b>	<b>580</b>	<b>539</b>	<b>584</b>	<b>   908</b>	<b>1,098</b>	<b>190</b>	<b>20.9%</b>
<b>Other Mandatory reliefs</b>							
<b>In respect of current year</b>							
Charitable occupation	1,476	1,558	1,616	1,775	1,868		
Community Amateur Sports Clubs (CASCs)	19	20	19	19	20		
Rural rate relief	6	6	6	5	4		
Partially occupied hereditaments	32	32	28	21	14		
Empty premises	947	935	950	832	806		
Total other mandatory relief in respect of current year	2,480	2,551	2,619	2,652	2,712		
Other mandatory relief in respect of previous years	-9	42	36	-	-		
Changes as a result of local estimates of growth or decline in mandatory relief	-	-	-	92	82		
<b>Total cost of other mandatory relief</b>	<b>2,471</b>	<b>2,594</b>	<b>2,655</b>	<b>   2,744</b>	<b>2,794</b>	<b>50</b>	<b>1.8%</b>
<b>Total cost of mandatory relief</b>	<b>3,051</b>	<b>3,132</b>	<b>3,239</b>	<b>   3,652</b>	<b>3,892</b>	<b>239</b>	<b>6.6%</b>
<b>DISCRETIONARY RELIEFS</b>							
<b>In respect of current year</b>							
Charitable occupation	44	44	44	51	47		
Non-profit making bodies	36	38	41	35	34		
Community Amateur Sports Clubs (CASCs)	1	1	1	1	1		
Rural rate relief	3	3	3	1	1		
Small rural businesses	2	2	2	1	1		
Other relief awarded under s47	12	13	17	21	21		
Hardship relief	3	2	2	-	-		
Total discretionary relief in respect of current year	100	104	109	109	106		
Discretionary relief in respect of previous years	2	4	7	-	-		
<b>Discretionary reliefs funded through Section 31 grants</b>							
"New Empty" properties	4	7	7	6	-		
"Long term empty" properties	4	13	10	4	-		
Retail relief	196	296	0	-	-		
Flooding relief	1	7	2	-	-		
Rural rate relief	-	-	-	5	4		
Local newspaper temporary relief	-	-	-	0	0		
In lieu of Transitional relief	-	4	2	-	-		
Supporting small businesses	-	-	-	-	16		
Discretionary Scheme (LA Framework)	-	-	-	-	82		
Pub relief	-	-	-	-	18		
Total cost of discretionary reliefs funded through S31 grant	205	328	21	15	120		
Discretionary relief funded through S31 grants in respect of previous years	5	10	6	-	-		
Changes as a result of local estimates of growth or decline in discretionary relief	-	-	-	3	2		
<b>Total cost of discretionary relief</b>	<b>312</b>	<b>445</b>	<b>143</b>	<b>   128</b>	<b>228</b>		
<b>TOTAL COST OF ALL RELIEFS</b>	<b>3,363</b>	<b>3,577</b>	<b>3,382</b>	<b>   3,780</b>	<b>4,120</b>	<b>340</b>	<b>9.0%</b>

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms

(a) Data for 2013-14 also include reliefs granted (or recouped for previous awards made in error) in respect of previous years

(b) Revaluation comes into effect 1st April 2017

(R) Revised figures 2018-19

### 3. Reliefs to be funded by Section 31 grants

Since 2013-14, a number of measures have been announced by the Chancellor in recent Autumn Statements have made changes to the national non-domestic rates scheme. Central government compensates local authorities for these changes and this compensation is made outside of the rate retention scheme by means of a Section 31 (S31) grant. The grants are given to local authorities to fund activities which are not covered by existing payment schedules or methods. More information about these measures can be found in the *Definitions* section of this release.

The amounts shown in **Table 3** are the Section 31 grant to be paid to local authorities to compensate them for the loss of income arising from the measures listed below. They differ from the amounts shown in **Table 2** which show the total amount of relief to be granted to business ratepayers under each of the measures as they exclude the central government share of the reliefs.

**Table 3** shows the Section 31 grants paid to local authorities from 2014-15 to 2016-17 and what authorities expect to be paid in 2017-18 and 2018-19 for the following measures:

- a) the cap on the increase in the small business multiplier to 2% in 2014-15 and 2015-16 and the change from RPI and CPI from 2018-19;
- b) the doubling of Small Business Rate Relief;
- c) ratepayers continuing to receive their Small Business Rate relief for 12 months when they take on an additional property which would normally disqualify them from receiving the relief;
- d) empty new build properties (that were completed between 1 October 2013 and 30 September 2016) were exempt from empty property rates for 18 months. This relief is no longer available;
- e) 50 per cent business rates relief for 18 months for businesses that - between 1 April 2014 and 31 March 2016 - moved into retail premises that had been empty for a year or more. This relief is no longer available;
- f) a discount of £1,000 for shops, pubs and restaurants with a rateable value of £50,000 or less for two years, from 1 April 2014. This relief was changed to £1,500 for 2015-16. This relief was temporary and is no longer available;
- g) compensation for the cost of discounts given to eligible businesses as a result of the floods that occurred during December 2013 to March 2014;
- h) the doubling of rural rate relief with effect from 1 April 2017;
- i) a discount of £1,500 on office space occupied by local newspapers for two years from 1 April 2017;
- j) transitional relief compensation to be paid in 2016-17. This is in lieu of relief authorities expect to grant businesses to compensate for the transitional relief they would have received, had the transitional arrangements not ended;

k) supporting small businesses relief was made available to those ratepayers losing small business or rural rate relief due to the revaluation for five years from 1 April 2017 to 31 March 2022;

l) discretionary scheme relief. This is a new scheme of relief to be administered by billing authorities for four years from 1 April 2017 to 31 March 2021, to be applied according to their own framework;

m) pub relief is a scheme that allows up to £1,000 relief to be administered to Pubs. This was introduced from 1 April 2017 and has been extended into 2018-19;

n) any pilot authority that would have been entitled to compensation for reliefs given in Enterprise Zones will no longer be able to make a deduction from the central share for the sums due.

Note that reliefs described in (k) to (m) were announced in the Spring 2017 Budget, which took place after the 2017-18 forecasts had been collected.

Table 3 : National non-domestic rates measures funded by Section 31 grants 2014-15 to 2018-19 <sup>(R)</sup>

	Outturn			Forecast		£ million
	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>(e)</sup>	
a) Capping the increase in the small business rates multiplier	115	164	172	224		466
b) Doubling of the small business rates relief <sup>(a)</sup>	274	292	306	471		939
c) Maintaining small business rates relief on "first" properties	1	2	2	2		2
d) Relief to newly built properties	2	4	4	4		-
e) Relief awarded on the occupation of "long-term empty" properties	2	7	6	2		-
f) Retail relief <sup>(b)</sup>	99	154	1	-		-
g) Flooding relief <sup>(c)</sup>	5	4	1	-		-
h) Rural rate relief	-	-	-	2		3
i) Local newspaper temporary relief <sup>(d)</sup>	-	-	-	0		0
j) In lieu of Transitional Relief	-	2	1	-		-
k) Supporting Small Businesses Relief	-	-	-	-		13
l) Discretionary Scheme Relief	-	-	-	-		69
m) Pub Relief	-	-	-	-		14
n) Enterprise Zone qualifying relief in 100% pilot areas	-	-	-	4		7
<b>Total amount of reliefs funded by Section 31 grants</b>	<b>498</b>	<b>630</b>	<b>493</b>	<b>710</b>	<b>  </b>	<b>1,515</b>

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms

Note:

(a) Doubling was temporary between 2014-15 to 2016-17.

(b) The level of retail relief was changed from £1,000 per qualifying property in 2014-15 to £1,500 per qualifying property in 2015-16. It is not available from 2016-17 onward.

(c) No estimate of relief to be granted was made in 2016-17 or 2017-18, it is paid "after the event"

(d) Value below £0.5 million

(e) For 2018-19 there were adjustments to S31 payment calculations for the extension of the multiplier cap to CPI rather than RPI (shown in line a) and changes to small business rates threshold methodology (shown in line b). This means that there is a discontinuity in this series. Additionally all figures will be affected by the increase in the number of 100% business rates retention Pilot authorities

(R) Revised figures in 2018-19

## 4. Definitions

A list of terms relating to local government finance is given in the glossary of *Local Government Finance Statistics England*. This is accessible at <https://www.gov.uk/government/collections/local-government-finance-statistics-england>. The most relevant terms for this release are explained below.

**Billing authority** - a local authority empowered to collect non-domestic rates. In England, shire and metropolitan districts, the Council of the Isles of Scilly, unitary authorities, London boroughs and the City of London are billing authorities.

**Business rates** - a tax on the occupation of non-domestic property in England (and Scotland and Wales), based on the notional annual rent for a property on the open market, known as the **Rateable Value**. Also called **National non-domestic rates**.

**Business rates retention scheme** – This commenced in 2013 and local authorities in England now receive a share of the business rates they collect in their local area. The scheme requires all billing authorities to submit two forms to the department: a forecast of the business rates they expect to collect in a given financial year in the January preceding it (NNDR1); and the actual business rates that they collected during the financial year in the September following it (NNDR3). The data from these forms is used to inform payments between central and local government.

**Central share payments** - under the business rates retention scheme, local authorities retain 50% of the business rates they collect (unless they are a 100% business rates retention pilot authority). The remaining 50% is passed to central government as the *central share*. Billing authorities will make their central share payments to central government over the course of the financial year.

**Charity relief** - a relief within the business rates system that can be granted registered charities.

**Community Amateur Sports Clubs (CASC) relief** - a relief within the business rates system that can be granted to community and amateur sports clubs.

**Designated areas** – specific areas where growth in business rates is retained by the authority outside of the rates retention system. They consist of

- **New Development Deal** areas where funding has been made available over six years to finance additional infrastructure. Authorities are entitled to retain all business rates growth in NDD areas for a period of 25 years; and
- **Enterprise Zones** which benefit from:
  - a business rate discount for a five year period up to state aid de minimis levels;
  - all business rates growth above a baseline defined in legislation within the zone for a period of at least 25 years will be retained by the local area, to support the Local Economic Partnership's economic priorities;

**Discretionary relief** - in addition to mandatory reliefs, local authorities have the power to award relief at their discretion provided the hereditaments meet locally set criteria. The current categories

of discretionary relief are:

- Charity
- Non-profit making bodies
- Rural village shop
- Other small rural businesses
- Community & Amateur sports clubs
- Other local discounts awarded under Section 47 of the Local Government Finance Act 1988

**Discretionary scheme relief** – In the Spring 2017 Budget, the Government announced that a new scheme of relief to be administered by billing authorities for four years to 2020-21, to be applied according to their own framework

**Empty new-builds rate relief** (“New Empty”) – this scheme was introduced from 1 October 2013 to reimburse authorities for any discretionary relief they awarded to qualifying ratepayers who occupy empty new-build hereditaments. The relief was available for up to 18 months. This relief is no longer available.

**Empty Property Rates** - business rates charged on an unoccupied property – i.e. charge to the owner of a property which is on the rating list but which has no business tenant.

**Empty Property Rate relief** - a relief within the business rates system that can be granted to the owner of an unoccupied property

Properties can claim 100% relief for the first 3 months (or 6 months for industrial properties) of being empty, after which they are liable for full rates. A hereditament with a rateable value of £2,600 or less is classed as “a small property” and following the initial rate-free period, continues to receive 100% relief.

From October 2013, the Government introduced a temporary measure for unoccupied new builds which can be granted empty property relief for up to 18 months (up to state aid limits) where the property comes on to the list between 1 October 2013 and 30 September 2016. The 18 month period includes the initial 3 or 6 month exemption and so properties may, if unoccupied, be exempt from non-domestic rates for up to an extra 15 or 12 months.

**Empty retail property relief** (“Long term empty”) - this scheme was introduced from 1 April 2014, to reimburse authorities for any discretionary relief they awarded to qualifying ratepayers who are new occupiers of retail property that had been empty for more than a year. The relief was granted at 50% and lasted for 18 months. This relief is no longer available.

**Hereditament** - the legal name for the unit of non-domestic property that is, or may become, liable to national non-domestic rates, and thus appears on the rating list. The list is compiled and maintained by the Valuation Office Agency (VOA). These can include pylons, telephone boxes, advertising hoardings as well as offices, shops, warehouses, factories, and public buildings like hospitals and schools. A hereditament may be several buildings together, such as a university campus or just one office in a block. There are over 1.8 million hereditaments in England.

**Local Government Finance Act 1988** - the main legislation in respect of business rates; also called 'the 1988 Act' or 'LGFA 1988'.

**Local list** - local rating lists include not only non-domestic **hereditaments** but also Crown properties, such as central government hereditaments and Ministry of Defence establishments. The income from properties on local rating lists is collected by billing authorities and a proportion is retained as part of the business rates retention scheme.

**Losses in appeals** –the owner/occupier of a hereditament will often appeal against the rateable value placed on their property. Under the business rates retention scheme, local authorities are required to make a provision for the amount that they expect to have to repay to rate payers following successful appeals.

**Mandatory relief** - hereditaments are automatically entitled to relief for all or part of their rates bill provided they meet the criteria set down in legislation. There are currently five categories of mandatory relief:

- Charity
- Rural village shop
- Community & Amateur sports clubs
- Partially empty properties
- Empty properties

**National Multiplier** - the figure used to calculate a non-domestic rates bill from the rateable value. The rateable value times the multiplier gives the notional rates liability. The figure is set annually by the Government and previously reflected the change in the Retail Price Index in September of the previous year. From 2018-19, the figure set reflects the change in the Consumer Price Index in September of the previous year. (See **Small Business Multiplier**). As mentioned above in 2014-15 and 2015-16, the Government capped the increase in the multiplier at 2% to provide business rate payers with additional support. The standard multiplier includes a supplement which funds small business rate relief. The multiplier for 2018-19 is £0.493.

**NNDR – national non-domestic rates** - a tax on the occupation of non-domestic property in England (and Scotland and Wales), based on the notional annual rent for a property on the open market known as the **Rateable Value**.

**Pub Relief** – in the Autumn 2017 Budget, the Government announced that the scheme of up to £1,000 relief to be administered to pubs would continue into 2018-19. This relief was first announced in the Spring 2017 Budget and was in effect in 2017-18.

**Rateable value – RV** - the legal term for the notional annual rent of a **hereditament**, assessed by the VOA. Every property has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date (currently 1 April 2015, using a list compiled for 1 April 2017). The RV is used in determining the rates liability, and therefore the bill.

**Renewable Energy** – from 1 April 2013, local authorities are allowed to retain up to 100% of

business rates from new renewable energy projects.

**Retail relief** - a discount for shops, pubs and restaurants with a rateable value of £50,000 or less for two years - was introduced from 1 April 2014 and ran for two years. The relief granted was a maximum of £1,000 in 2014-15 and a maximum of £1,500 in 2015-16. The relief was discontinued for 2016-17.

**Revaluation** - the rateable value of a property is generally re-assessed every five years, at revaluation, to ensure changes in property market rent values are taken into account. The next revaluation was postponed from 2015 until 2017 to provide greater stability for businesses and to encourage economic growth.

Rateable values will go both up and down at revaluation, in comparison to the average and revaluation does not raise extra money for Government. At revaluation, the multiplier is amended to ensure that nationally, no additional revenue other than that which would have been due allowing for inflation, is collected.

The current revaluation applies from 1 April 2017 (based on property values as at 1 April 2015).

**Rural Rate Relief** - relief within the business rates system to help retain essential commercial services in rural areas.

Mandatory Rural Rate Relief is available for a sole shop, general store or post office in a defined rural area with a maximum RV of £8,500 or a sole petrol filling station or pub with a maximum RV of £12,500.

**Section 31 (S31) grants** – this refers to Section 31 of the Local Government Finance Act 2003 which makes it possible for government to pay local authorities grants towards their activities which are not covered by existing payment schedules or methods. S31 grants are used to fund local authority activities which are not covered by existing payment schedules or methods.

**Section 47 (S47)** – this refers to Section 47 of the Local Government Finance Act 1988 which has allows authorities to award locally funded discretionary discounts.

**Small Business Rate Relief scheme (also known as SBRR)** - a scheme that provides a relief within the business rates system that can be granted to small businesses.

This relief is primarily funded by a supplement (1.3p in 2018-19) included in the **National Multiplier**, which is used to calculate the rates liability for business with a rateable value greater than £51,000. In addition, businesses that fail other criteria are also liable for the supplement to fund the scheme (see table below).

An important change to the level of relief granted was introduced from 1 October 2010 and has continued each year through to 2017-18. It effectively doubles the level of Small Business Rate Relief granted. The additional costs arising from this change in the scheme are being met by the Government (see **Table 3** above). From 2010 to 2017 this was a temporary doubling. From 2017-

18 this is a permanent change. In addition, in 2017-18 thresholds changed for those eligible to the relief. These are shown in the table below.

**From 1 April 2017**

<b>Rateable Value Range</b>	<b>Multiplier payable</b>	<b>Relief Granted</b>	<b>Note</b>
Below £12,000	Small business rate multiplier 2018-19: 48.0	100% rate relief on liability	This relief is only available for: - one property; - one main property and other additional properties, according to certain conditions. If these conditions cannot be met then the property is liable for the national non-domestic multiplier.
Between £12,001 and £15,000		Relief is on a declining sliding scale from 100% to zero.	
Up to £51,000		No relief granted but bills calculated using the small business multiplier	
Rest	National non-domestic rate multiplier 2018-19: 49.3		The Small Business Rate Relief scheme is funded by businesses that pay the national non-domestic rates multiplier.

**Small Business Multiplier** - the small business multiplier excludes the supplement which funds the Small Business Rate relief scheme. The figure is set annually by the Government and (until 2018-19) reflected the change in the Retail Price Index in September of the previous year except in 2014-15 and 2015-16, when the Government capped the increase in the multiplier at 2% to provide business rate payers with additional support. From 2018-19, the multiplier will reflect the change in the Consumer Price Index in September of the previous year. The small business multiplier for 2018-19 is £0.480.

**Supporting Small Businesses relief** – In the Spring 2017 Budget, the Government announced a new scheme of relief to support small businesses. This relief was to be made available to those ratepayers losing small business or rural rate relief due to the revaluation for five years from 1 April 2017 until 2021-22.

**Transitional protection payments** - as a result of transitional arrangements, local authorities will collect either more, or less, income than they would have done had transitional arrangements never been in place. To cancel out the effects of these transitional arrangements, transitional protection payments are made between central government and billing authorities.

**Transitional Relief** – when the rateable value of properties are reassessed (see **Revaluation** above) and transitional arrangements are put in place which moderate significant increases and decreases in bills. The transitional scheme is designed to be revenue neutral over the life of the scheme. This revenue neutrality is achieved by phasing in both the decreases in the rate bills of those who benefit from revaluation, and also the increases in the rates bills of those who face higher rates bills due to revaluation.

The current transitional relief scheme was designed to phase in significant changes in bills over a maximum of five years from 1 April 2017.

## 5. Technical Notes

### Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= a discontinuity in data between years

**Rounding** Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

### Survey design for collecting NNDR1 data for 2018-19

During January 2018, all 326 billing authorities in England were required to complete the NNDR1 form to show their estimates of the amount of national non-domestic rates that they will be able to collect in 2018-19. They were also required to determine the amount of non-domestic rates they will be required to pay to central government and their major precepting authorities under the business rates retention scheme.

At the same time as they submitted their main NNDR1 forms, local authorities also reported the number of hereditaments in receipt of small business rate relief, mandatory and discretionary rate relief as at 31 December 2017. This information was collected on the NNDR1 (Supplementary) form and will be released in the next month.

### Data quality

This Statistical Release contains Official Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. Official Statistics products undergo regular quality assurance reviews to ensure that they meet customer needs.

The information in this release is based on data returned to the Ministry of Housing, Communities and Local Government (MHCLG) by billing authorities in England on the National Non-Domestic

Rates (NNDR1) forms. They have been signed by Chief Finance Officers as correct.

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by MHCLG as the data are received and stored. Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

## **Rounding**

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts

## **Revisions policy**

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Ministry for Housing, Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

### **Non-Scheduled Revisions**

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

### **Scheduled Revisions**

Figures have been revised following the receipt of one form that had not been received prior to initial publication and for corrections submitted by 2 local authorities. Figures have also changed following further checks on the compensation of the discretionary scheme relief.

A further table has been published with the information collected on the NNDR1 (Supplementary) form which includes the number of hereditaments in receipt of small business rate relief, mandatory and discretionary rate relief as at 31 December 2017.

## **Uses made of the data**

The data in this Statistical Release are used to inform government policy on national non-domestic rates. It also allows for monitoring of the results of any policy or financial changes to non-domestic rates or reliefs.

Following receipt of NNDR1 forms, the Ministry of Housing, Communities and Local Government (MHCLG) will calculate what every authority - both billing authorities and major precepting authorities - is entitled to as a safety net payment on account. The Department also uses the data to prepare a schedule of payments, which is sent to local authorities, detailing the amounts which will be paid, and when payments will take place. The schedule of payments under the business rates retention scheme covers payments for the central share, tariff and top-ups, transitional protection and safety net on account.

Data from the NNDR1 2018-19 forms will also feed into forecasts of public finance which are compiled by the Office for Budget Responsibility. Local authorities and their associations also use the data to make comparisons between authorities. Finally, the data are regularly used in answering parliamentary questions and various information requests.

The full set of data are available from:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/national-non-domestic-rates-collected-by-councils>

## User engagement

Users are encouraged to provide comments and feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and should be sent to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk)

The Department's engagement strategy to meet the needs of statistics users is published here:

<https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

## Background notes

This Statistical Release can be found at the following web address:

<https://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils>

Timings of future releases are regularly placed on the Department's website,

<https://www.gov.uk/government/statistics/announcements>

For a fuller picture of recent trends in local government finance, readers are directed to the latest edition of *Local Government Finance Statistics England* which is available from the Ministry of Housing, Communities and Local Government website:

<https://www.gov.uk/government/publications/local-government-financial-statistics-england>

## Devolved administration statistics

Both the Scottish Government and the Welsh Assembly Government also collect non-domestic rates data. Their information can be found at the following websites:

Scotland:

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance>

Wales:

In English

<http://wales.gov.uk/topics/statistics/theme/loc-gov/?lang=en>

In Welsh:

<http://wales.gov.uk/topics/statistics/theme/loc-gov/?lang=cy>

## 6. Enquiries

### Media enquiries:

0303 444 1209

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

### Public enquiries and Responsible Statistician:

Jo Coleman

0303 444 2146

Email: [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk)

Information on Official Statistics is available via the UK Statistics Authority website:

<https://www.gov.uk/government/statistics/announcements>

Information about statistics at MHCLG is available via the Department's website:

[www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics](http://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics)

© Crown copyright, 2018

*Copyright in the typographical arrangement rests with the Crown.*

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, [www.nationalarchives.gov.uk/doc/open-government-licence/](http://www.nationalarchives.gov.uk/doc/open-government-licence/) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This document/publication is also available on our website at [www.gov.uk/mhclg](http://www.gov.uk/mhclg)

If you have any enquiries regarding this document/publication, email [contactus@communities.gov.uk](mailto:contactus@communities.gov.uk) or write to us at:

Ministry of Housing, Communities and Local Government

Fry Building

2 Marsham Street

London

SW1P 4DF

Telephone: 030 3444 0000

March 2018

For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

ISBN: 978-1-4098-5205-6