



# Statistical Release

23 May 2012

## NATIONAL NON-DOMESTIC RATES TO BE COLLECTED BY LOCAL AUTHORITIES IN ENGLAND 2012-13

- The yield before reliefs in respect of 2012-13, at £25.7 billion, is expected to be £1.5 billion, or 6.3% higher than in 2011-12.
- It is estimated that the contribution to the pool from the local lists will increase by £1.0 billion, or 5.1%, to £21.3 billion in 2012-13.
- Between 2008-09 and 2012-13 the contribution to the pool from the local lists is expected to have increased by £2.6 billion or 14%.
- London accounts for 29% of the contribution to the national pool while having only 15% of the population.

This release provides information on national non-domestic rates and associated information for the financial year 2012-13, and changes over previous years. This information is derived from national non-domestic rates (NNDR1) returns submitted by all 326 billing authorities in England in January and February 2012; the release also includes, for the first time, auditor certified data for 2010-11.

The release has been compiled by the Data Collection, Analysis and Accountancy division of the Department for Communities and Local Government.

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## National non-domestic rates to be collected by local authorities in England 2012-13

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The NNDR1 data for 2011-12 are as supplied by the local authorities in January and February 2011, they have not been adjusted to take into account any NNDR2 forms that were submitted to DCLG during the 2011-12 financial year.

In the corresponding Statistical Release published on 25 May 2011, data were included on the number of hereditaments either benefiting from, or contributing to, the small business rate relief scheme. Unfortunately issues with the quality of the data supplied by local authorities have prevented the inclusion of similar data as at 31 December 2011 in this release. It is planned that a separate statistical release dealing with these data will be published in the summer of 2012.

Full details of the publication date will be announced on the DCLG website at <http://www.communities.gov.uk/corporate/researchandstatistics/statistics/publicationschedule/> .

## National non-domestic rates to be collected by local authorities in England 2012-13

1. **Table 1** gives details of the yield from national non-domestic rates based on local lists, from 2008-09 to 2012-13.

- The yield before reliefs in respect of 2012-13, at £25.7 billion, is expected to be £1.5 billion, or 6.3% higher than in 2011-12.
- It is estimated that the contribution to the pool from the local lists will increase by £1.0 billion, or 5.1%, to £21.3 billion in 2012-13.
- Between 2008-09 and 2012-13 the contribution to the pool from the local lists is expected to have increased by £2.6 billion, or 14%.

**Table 1: Outturn national non-domestic rate yield from local lists, in England, since 2008-09<sup>(a)</sup>**

	2008-09	2009-10	2010-11(R)	2011-12(B)	2012-13(B)
<b>Yield before reliefs in respect of current year</b>	<b>21,307</b>	<b>22,469</b>	<b>23,083</b>	<b>24,216</b>	<b>25,730</b>
<i>add</i> Changes in respect of previous years	-670	-736	-873	0	0
<i>less</i> Buoyancy Factor Allowance	-	-	-	1,132	1,216
<b>Yield before reliefs</b>	<b>20,637</b>	<b>21,733</b>	<b>22,210</b>	<b>23,084</b>	<b>24,514</b>
<i>less</i>					
Transitional Relief	-73	-148	531	449	252
Mandatory Relief	1,396	2,129	2,198	1,851	2,122
Discretionary Relief	42	47	43	42	43
Small Business Rate Relief <sup>(b)</sup>	145	188	163	146	405
Schedule of Payment agreements <sup>(c)</sup>	59	8	0	-	-
Deferments <sup>(c)</sup>	-	98	0	-	-
Enterprise Zones <sup>(c)</sup>	-	-	-	-	8
<b>Net rate yield</b>	<b>19,068</b>	<b>19,412</b>	<b>19,276</b>	<b>20,596</b>	<b>21,683</b>
<i>less</i>					
Collection costs including losses <sup>(d)</sup>	347	373	349	309	354
<b>Contribution to the pool</b>	<b>18,722</b>	<b>19,039</b>	<b>18,927</b>	<b>20,287</b>	<b>21,329</b>
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Small business rate multiplier (pence)	45.8	48.1	40.7	42.6	45.0
National non-domestic rates multiplier (pence)	46.2	48.5	41.4	43.3	45.8
Number of hereditaments ('000) <sup>(e)</sup>	1,692	1,698	1,718	1,735	1,759
Rateable value <sup>(d)</sup>	46,888 <sup>(f)</sup>	46,721 <sup>(f)</sup>	56,337 <sup>(g)</sup>	56,846 <sup>(g)</sup>	57,178 <sup>(g)</sup>

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2010-11 are outturn figures from auditor certified NNDR3 returns; those for 2011-12 and 2012-13 are budget estimates from NNDR1.

(a) This excludes contributions from the central list and other contributions to the pool.

(b) See *Small business rate relief and transitional relief* for further details

(c) See *Terminology used in this release* for further details

(d) Includes the City of London offset of £9.8m in 2009-10, £10m in 2010-11, £10.2m in 2011-12 and £10.271m in 2012-13.

(e) As at 31 December in previous year.

(f) Based on draft list for use following April 2005 revaluation.

(g) Based on draft list for use following April 2010 revaluation.

2. In **Table 1** the yields before reliefs for 2008-09 to 2010-11 do not equal the rateable value multiplied by the multiplier because the yield figures are outturn but the rateable value is given as at 31 December of the previous year. Data on the *Changes in respect of previous years* are not collected on the NNDR1 returns.
3. The figures for 2011-12 and 2012-13 in **Table 1** are estimates and include a buoyancy factor allowance. See *Terminology used in this release* for full details.
4. When calculating a hereditament's non-domestic rates liability, one of two multipliers are used. This is because of the Small Business Rate Relief scheme. The multipliers used by all hereditaments are shown in **Table 1**. In 2012-13 those hereditaments that will not benefit from the Small Business Rate Relief scheme will pay an additional 0.8p supplement to fund the Small Business Rate Relief granted.
5. The figures for the Small Business Rate Relief scheme shown in **Table 1** are net (i.e. the amount of relief granted less the increased yield from businesses using the higher multiplier). **Table 3b** later in the release provides a breakdown of how the net figures for the Small Business Rate Relief scheme are derived. See also *Terminology used in this release* for full details.
6. The figures for Transitional Relief shown in **Table 1** are net (i.e. the reduced yield due to the full increases in NNDR being deferred because of the transitional arrangements less the increased yield due to the full decreases in NNDR being deferred). **Table 3c** later in the release provides a breakdown of how the net for figures for Transitional Relief are derived. See also *Terminology used in this release* for full details.
7. 2010-11 was a revaluation year when all hereditaments in the country were reassessed to take into account changes in the property market rent values since the previous revaluation. The multipliers used were also adjusted at the revaluation so that nationally, no additional revenue, other than would have been due allowing for inflation, would be collected as a result of the revaluation. The previous revaluation was in April 2005 (and was based on property values as at 1 April 2003); the current revaluation applies from 1 April 2010 (based on property values as at 1 April 2008).
8. No information is collected from local authorities as part of the NNDR1 reporting process on any local discounts they may award. This is because these discounts are locally funded i.e. they are paid for by the billing authorities themselves out of their own resources and do not have any effect on the national non-domestic rates calculations.

9. **Table 2** gives a breakdown of the contribution to the national non-domestic rates pool by region in 2012-13.

- London accounts for 29% of the contribution to the national pool while having only 15% of the population.

<b>Table 2: Contribution to the national non-domestic rate pool by region 2012-13</b>			
	<b>Contribution to pool (£ million)</b>	<b>Proportion of contribution to pool (%)</b>	<b>Proportion of total population (%)</b>
North East	796	3.7	5.0
North West	2,436	11.4	13.3
Yorkshire & the Humber	1,754	8.2	10.1
East Midlands	1,342	6.3	8.6
West Midlands	1,824	8.6	10.4
East of England	2,065	9.7	11.2
London	6,175	29.0	15.0
South East	3,201	15.0	16.3
South West	1,735	8.1	10.1
<b>Total England</b>	<b>21,329</b>	<b>100.0</b>	<b>100.0</b>

Source: NNDR1 returns and ONS mid-year 2010 population estimates

### **Mandatory and discretionary relief**

10. **Table 3a** gives figures for mandatory and discretionary reliefs applied to national non-domestic rates bills by billing authorities. Mandatory reliefs are automatic entitlements in any billing authority area whereas discretionary reliefs are granted at a billing authority's discretion and are funded locally. An example of these two types of relief is properties held by charities, which are automatically entitled to mandatory relief of 80% but where billing authorities have the discretion to top up the amount to 100%. As mentioned above, details of the value of locally funded reliefs are not included in this release.

11. In 2008-09, the rules governing empty property rate relief and partly occupied relief were reformed by the Rating (Empty Properties) Act 2007 and subsequent changes in legislation introduced further reforms. See *Terminology used in this release* for full details.

- Local authorities estimate they will grant more than £2.1 billion of mandatory reliefs in 2012-13, an increase of 15% on 2011-12. As in previous years, the majority of the change is due to changes in charity relief and empty property relief.
- Charity relief accounts for 57% of all relief granted; the value of charity relief is expected to grow by more than 42% between 2008-09 and 2012-13.

**Table 3a: Mandatory and discretionary reliefs granted since 2008-09**

	£ million				
	2008-09	2009-10	2010-11(R)	2011-12(B)	2012-13(B)
<b>Mandatory reliefs in respect of the current year</b>					
Charity	849.6	941.1	1,004.5	1,054.6	1,216.1
Rural village shop	5.9	6.2	5.3	5.5	5.8
Former agricultural premises <sup>(a)</sup>	-	-	-	0.0	0.0
Partly occupied	27.3	40.3	42.5	18.7	22.6
Empty property	606.3	1,125.3	1,130.3	757.3	859.9
Community amateur sports clubs	12.4	14.6	14.9	15.1	17.5
<b>Total mandatory reliefs in respect of the current year</b>	<b>1,501.5</b>	<b>   2,127.5</b>	<b>   2,197.6</b>	<b>   1,851.3</b>	<b>2,121.9</b>
<b>Mandatory reliefs in respect of any previous year<sup>(b)</sup></b>					
Charity	4.2	4.0	-6.8	...	...
Rural village shop	0.2	0.2	0.2	...	...
Former agricultural premises <sup>(a)</sup>	0.0	0.0	0.0	...	...
Partly occupied	9.0	4.9	15.5	...	...
Empty property	-119.3	-8.2	-8.9	...	...
Community amateur sports clubs	0.3	0.4	0.7	...	...
<b>Total mandatory reliefs in respect of previous years</b>	<b>-105.6</b>	<b>   1.2</b>	<b>   0.7</b>	<b>...</b>	<b>...</b>
<b>Total mandatory reliefs irrespective of the year to which they relate</b>	<b>1,395.9</b>	<b>   2,128.7</b>	<b>   2,198.2</b>	<b>1,851.3</b>	<b>2,121.9</b>
<b>Discretionary reliefs in respect of all years</b>					
Charity	9.1	10.1	10.5	11.0	11.7
Non-profit making bodies	27.9	28.9	26.1	27.9	28.0
Rural village shop	2.1	2.3	2.0	2.1	2.1
Other small rural business	1.3	1.4	1.2	1.2	1.2
Former agricultural premises <sup>(a)</sup>	0.0	0.0	0.0	-	-
Hardship	1.3	3.7	3.3	-	-
Charges on property	0.1	0.1	0.0	-	-
Community amateur sports clubs	0.2	0.2	0.3	0.3	0.4
<b>Total</b>	<b>41.9</b>	<b>46.8</b>	<b>43.3</b>	<b>42.4</b>	<b>43.4</b>

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2010-11 are outturn figures from auditor certified NNDR3 returns; those for 2011-12 and 2012-13 are budget estimates from NNDR1.

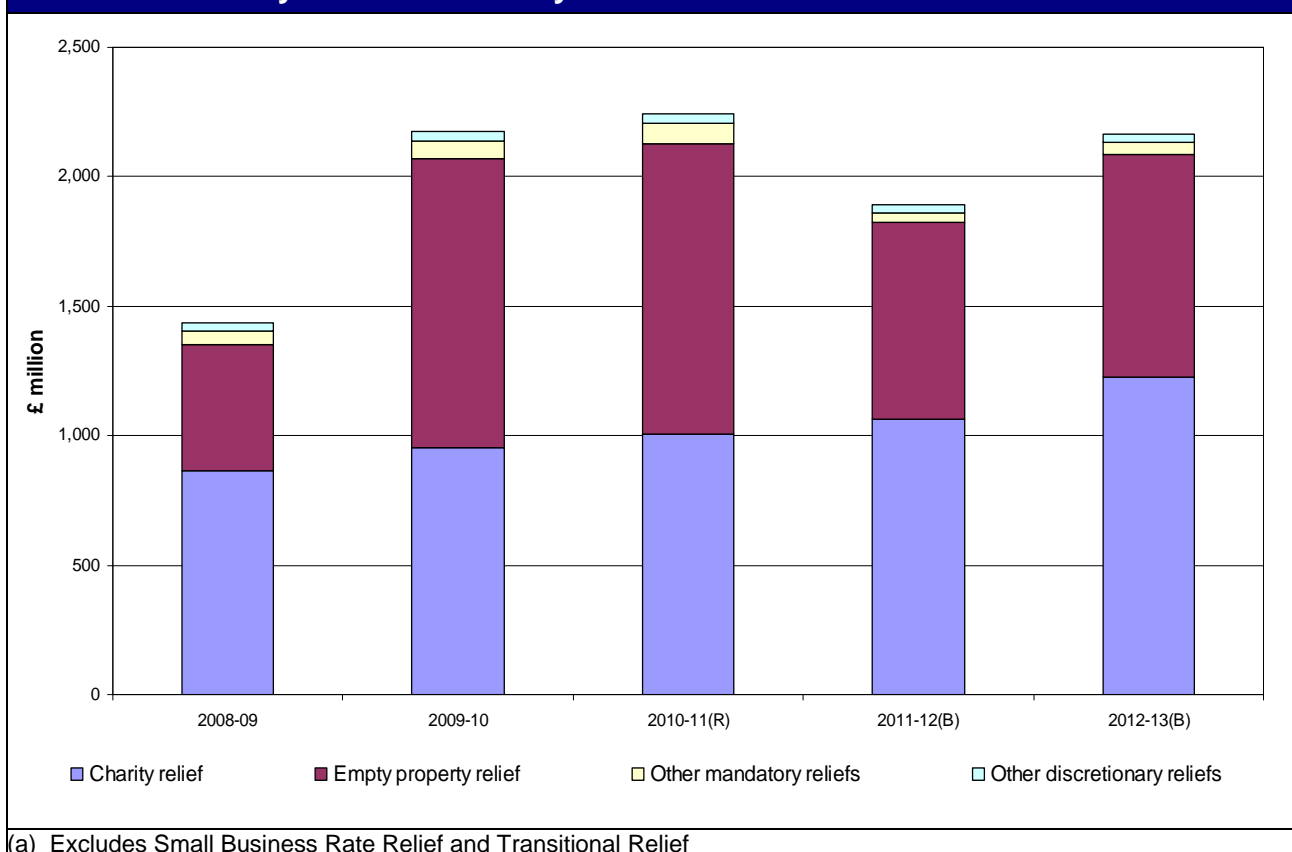
(a) Relief for former agricultural premises ended in August 2006.

(b) Data in respect of previous years are not collected on NNDR1 budget forms

+ve figures indicate relief being granted

-ve figures indicate receipts

**Chart A: Mandatory and discretionary rate reliefs since 2008-09<sup>(a)</sup>**



**Small business rate relief and transitional relief**

12. **Table 3b** gives figures for small business rate relief (SBRR) applied to national non-domestic rates bills by billing authorities for 2008-09 to 2010-11 and their estimates for 2011-12 & 2012-13. The SBRR is designed to help small businesses meet the cost of their rates and is funded by those businesses not receiving benefit from the scheme through a supplement.
13. Since 1 October 2010 there have been a number of changes in the eligibility rules relating to the SBRR. The first change was to make the scheme more generous and was intended to remain in force until 30 September 2011 before returning to its previous levels. Local authorities were asked to complete the SBRR portion of the NNDR1 form for 2011-12 on this assumption.
14. Further changes in the rules mean that the revised eligibility rules will remain in place until 31 March 2013 so local authorities were asked to base their SBRR estimates for 2012-13 on a full year of the revised rules.
15. Finally, the Government also amended the SBRR legislation to remove the single occupancy criteria for ratepayers to have their bills calculated using the small business multiplier in 2012-13 and onwards and this is reflected in the returns for 2012-13. Further details can be found in *Terminology used in this release*.
16. **Table 3c** gives figures for transitional relief applied to national non-domestic rates bills by billing authorities for 2008-09 to 2010-11 and their estimates for 2011-12 & 2012-13. Transitional relief is designed to phase in large increases in individual rate bills

arising from the revaluation through caps on annual increases. This relief is funded by phasing in reductions in individual rate bills through caps on annual reductions. Further details can be found in *Terminology used in this release*.

**Table 3b: Small business rate relief granted since 2008-09**

	£ million				
	2008-09	2009-10	2010-11	2011-12(B)	2012-13(B)
<b>Small business rate relief in respect of the current year</b>					
Additional revenue to fund SBRR	-176.3	-176.6	-372.8	-377.8	-405.4
Cost of SBRR granted	298.2	333.2	506.5	523.4	810.3
<b>Net small business rate relief granted in respect of the current year</b>	<b>121.9</b>	<b>156.6</b>	<b>133.7</b>	<b>145.6</b>	<b>404.9</b>
<b>Small business rate relief in respect of any previous year<sup>(a)</sup></b>					
Additional revenue to fund SBRR	5.6	7.5	12.6	...	...
Cost of SBRR granted	17.4	23.8	16.3	...	...
<b>Net small business rate relief granted in respect of any previous year</b>	<b>22.9</b>	<b>31.3</b>	<b>28.8</b>	...	...
<b>Net small business rate relief granted irrespective of the year to which it relates</b>	<b>144.8</b>	<b>187.9</b>	<b>162.5</b>	<b>145.6</b>	<b>404.9</b>
<b>Additional multiplier used to fund small business rate relief (pence)</b>	0.4	0.4	0.7	0.7	0.8

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2010-11 are outturn figures from auditor certified NNDR3 returns; those for 2011-12 and 2012-13 are budget estimates from NNDR1.

(a) Data in respect of previous years are not collected on NNDR1 budget forms  
+ve figures indicate relief being granted  
-ve figures indicate receipts



**Table 3c: Transitional relief granted since 2008-09**

	£ million				
	2008-09	2009-10	2010-11	2011-12(B)	2012-13(B)
<b>Transitional relief in respect of the current year</b>					
Income received due to decrease in rates being delayed	-33.1	0.0	-708.2	-330.4	-115.2
Relief granted due to increase in rates being delayed	99.3	0.0	1,358.8	779.5	367.3
<b>Net transitional relief granted in respect of the current year</b>	<b>66.2</b>	<b>0.0</b>	<b>650.6</b>	<b>449.2</b>	<b>252.1</b>
<b>Transitional relief in respect of any previous year<sup>(a)</sup></b>					
Income received due to decrease in rates being delayed	-4.1	-75.2	-51.2	...	...
Relief granted due to increase in rates being delayed	-134.9	-72.6	-68.6	...	...
<b>Net transitional relief granted in respect of any previous year</b>	<b>-139.1</b>	<b>-147.8</b>	<b>-119.8</b>	...	...
<b>Net transitional relief granted irrespective of the year to which it relates</b>	<b>-72.9</b>	<b>-147.8</b>	<b>530.8</b>	<b>449.2</b>	<b>252.1</b>

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2010-11 are outturn figures from auditor certified NNDR3 returns; those for 2011-12 and 2012-13 are budget estimates from NNDR1.  
(a) Data in respect of previous years are not collected on NNDR1 budget forms  
+ve figures indicate relief being granted  
-ve figures indicate receipts

17. **Table 4** gives details of the number of hereditaments in receipt of mandatory and discretionary rate relief as at 31 December.

- There were 303,200 hereditaments in receipt of mandatory relief as at 31 December 2011, a decrease of 8,500, or 2.7% on December 2010.
- At the same date, 47,500 hereditaments were in receipt of discretionary relief, a decrease of 1,700, or 3.5% on a year earlier.

**Table 4: Number of hereditaments in receipt of mandatory and discretionary rate relief as at 31 December<sup>(a)</sup>**

	thousand				
	2007	2008	2009(R)	2010	2011
<b>Mandatory Reliefs</b>					
Charity	75.8	78.2	78.4	80.8	83.2
Rural village shop	6.6	6.3	6.1	5.5	5.4
Partly occupied	3.6	1.1	0.9	1.1	0.7
Empty premises	186.4	147.9	228.8	220.6	210.2
Community amateur sports clubs	2.8	3.1	3.4	3.6	3.7
<b>Total</b>	<b>275.2</b>	<b>   236.6</b>	<b>   317.6</b>	<b>   311.7</b>	<b>303.2</b>
<b>Discretionary Reliefs</b>					
Charity	30.0	30.9	32.0	32.3	32.1
Non-profit making bodies	13.0	13.2	11.8	11.2	10.0
Rural village shop	3.5	3.6	3.5	3.3	3.1
Other small rural business	1.2	1.2	1.0	1.0	1.0
Community amateur sports clubs	1.0	1.2	1.3	1.3	1.4
<b>Total</b>	<b>48.8</b>	<b>49.9</b>	<b>49.6</b>	<b>49.2</b>	<b>47.5</b>

Source: NNDR1(Supplementary) returns

(a) Excludes Small business rate relief and Transitional relief.

18. As mentioned above, following the reform in 2008-09 of the rules governing empty property rate relief and partly occupied relief by the Rating (Empty Properties) Act 2007 there were subsequent changes in legislation that introduced further reforms. As a result of these reforms, the numbers of hereditaments claiming either empty property relief or partly occupied relief shown in **Table 4** are not strictly comparable across all years.

## Terminology used in this release

A list of terms relating to local government finance is given in the glossary of terms and acronyms to *Local Government Financial Statistics England No.21 2011*. This is accessible at

[www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/](http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/)

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.

**Buoyancy factor** - Prior to 2011-12, this was an adjustment made to take account of the Department for Communities and Local Government's estimate of the effect on yield of expected repayments in respect of previous years as a result of reductions in rateable value due to successful appeals, and of any interest payments arising from those repayments. **See Table 1**. It was calculated using an estimate of what was called the *Gross Amount* (i.e. contribution to the pool plus discretionary reliefs) divided by an estimate of the *Gross Yield* (i.e. the yield before reliefs less transitional, mandatory and small business rate relief). In 2011-12 this would have amounted to 0.978.

For 2011-12 onwards the methodology was adjusted to take account of the historical difference between local authority estimates on the NNDR1 form and the outturn figures reported on NNDR3 forms. The new factor is based on the 5 year average of the difference between the contribution to the pool recorded on NNDR1 & NNDR3 forms. The buoyancy factor used for 2011-12 was 0.948 and for 2012-13 was 0.947.

On the NNDR1 form the buoyancy factor is applied to the gross yield (rateable value x the multiplier) less the net allowance for transitional relief and mandatory relief.

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

**Central list** - Since 1990, a central rating list has existed for England containing large network properties which would not sit comfortably on local rating lists e.g. railways, light railways, utilities, communication facilities, pipelines and canals. The income from such properties is collected by central government and paid by them into the pool. In 2012-13 it is estimated this will amount to about £1,322 million. Further details of the size of the Central List can be found in Table 2.3e of LGFS No 21 2011 that is on the DCLG website at <http://www.communities.gov.uk/documents/statistics/pdf/1911067.pdf>

**Charity relief** - a relief within the business rates system to help charities meet the cost of their rates.

**Community Amateur Sports Clubs (CASC) relief** - a relief within the business rates system to help sports clubs meet the cost of their rates.

**Deferment** – in 2009-10 businesses were allowed to defer 60% of the increase in their bills arising from the change in the multiplier. 50% of the money deferred was to be paid in 2010-11 and 50% in 2011-12. The estimates from the 2011-12 NNDR1 form did not include any revenues to be collected which had been deferred from previous financial years.

There is no separate figure shown in **Table 1** for the repayments in 2010-11 of the amount deferred from 2009-10; this is included in the *Changes in respect of previous year's* adjustments.

A similar scheme has been introduced for 2012-13 but again no account of the deferment has been taken into account in the figures in the 2012-13 NNDR1 form.

**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
- Hardship
- Charges on property

A further relief for former agricultural properties ceased during August 2006 and is no longer but may be applied retrospectively where applicable.

An example of these mandatory and discretionary reliefs is properties held by charities, which are automatically entitled to mandatory relief of 80% but where billing authorities have the discretion to top up the amount to 100%.

In the case of discretionary charity relief, 25% of the top up amount may be offset against the authority's contribution to the pool figure and 75% of the top up amount must be funded by the local authority from their own resources. The amount of discretionary relief that can be offset against the local authority's contribution to the pool depends upon the relief granted.

**Distributable Amount** - the estimated total amount in the national business rate pool that is available to be distributed to local authorities as part of the annual Local Government Finance Settlement. The business rates are collected by local authorities from the **Local list** and paid into a national pool and then, along with business rates collected by DCLG from the **Central list**, redistributed to all authorities.

Prior to 2006-07, business rates were distributed based on an amount per head depending on the services that the authority provided. From 2006-07 onwards, it is distributed using the same formula as that for Revenue Support Grant.

**Enterprise Zones** – specific areas where a combination of financial incentives and reduced planning restrictions will apply. The zones are designed to encourage the creation of new businesses and jobs, thereby helping to support both local and national growth. Enterprise Zones will benefit from:

- a business rate discount worth up to £275,000 per business over a five year period;

- all business rates growth within the zone for a period of at least 25 years will be retained by the local area, to support the Partnership's economic priorities and ensure that Enterprise Zone growth is reinvested locally;
- government help to develop radically simplified planning approaches for the zone using, for example, existing Local Development Order powers;
- government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding;

Enterprise Zones have been awarded to, and are being driven by, Local Enterprise Partnerships. Since Budget 2011 the Government has announced 24 Enterprise Zones across England which take effect from 1 April 2012.

**Empty Property Rates** - business rates charged on empty property – i.e. charge to the owner / occupier 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 to help owners / occupiers of empty properties meet the cost of their **Empty Property Rates**.

Prior to 1 April 2008, after an initial 3 month rate-free period, industrial properties continued to receive 100% relief, while all other empty properties received 50% relief. During 2008-09 properties could only claim 100% relief for the first 3 months (or 6 months for industrial properties) of being empty, after which they were liable for full rates.

In 2009-10 additional Empty Property Rate relief was introduced for smaller properties. Following the initial rate-free period, properties below £15,000 in rateable value continued to receive 100% relief.

In 2010-11, following the 2010 revaluation, the measure of a small property was increased to those hereditaments with a rateable value of £18,000 or less. So for 2010-11, following the initial rate-free period, those properties with a rateable value of £18,000 or less continue to receive 100% relief.

In 2011-12, the measure of a small property was reduced to those hereditaments with a rateable value of £2,600 or less. So for 2011-12 onwards, following the initial rate-free period, those properties with a rateable value of £2,600 or less continue to receive 100% relief.

**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 of HM Revenue and Customs (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 like a university campus or just one office in a block.

There are around 1.7million 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 paid by them into the pool.

**Mandatory relief** - hereditaments are automatically entitled to relief of 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

A further relief for former agricultural hereditaments ceased during August 2006 and is no longer available for the current year but may be applied retrospectively where applicable.

**National Multiplier** - the figure used to calculate a non-domestic rates bill from the rateable value. The rateable value times the multiplier equals the notional rates liability. The figure is set annually by the Government and reflects the change in the Retail Price Index in September the previous year. The standard multiplier includes a supplement which funds small business rate relief.

The multiplier for 2012-13 is £0.450. This figure is set annually by the Government and reflects the change in the Retail Price Index in September the previous year.

**NNDR – national non-domestic rates** - are a means by which local businesses or organisations contribute to the cost of local authority services. Liable properties include public buildings, pipelines and advertising hoardings, as well as businesses. Some non-domestic properties, such as agricultural land and associated buildings, and churches, are exempt however. On 1 April 1990 the rating of non-domestic (mainly commercial and industrial) properties was substantially reformed. Before 1990-91, rates were set individually by local authorities and varied from authority to authority. Since 1 April 1990, the national multiplier has been set by the Government.

**ONS** – the Office for National Statistics is the government agency responsible for compiling, analysing and disseminating many of the United Kingdom's economic, social and demographic statistics including the Retail Price Index, trade figures and labour market data as well as the periodic census of the population and health statistics.

**Rates Liability** - the basis of the rates bill. The liability is the **rateable value** times the multiplier, but this may be adjusted by any **transitional relief** in place, or by any **mandatory, discretionary** or **small business rate** relief applicable, to give the amount of rates payable.

**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 2008, using a list compiled for 1 April 2010). The RV is used in determining the **rates liability**, and therefore the bill.

**Revaluation** - the rateable value of a property is re-assessed every five years, at revaluation, to ensure changes in property market rent values are taken into account.

Rateable values go both up and down at revaluation, in comparison to the average.

The multiplier is amended to ensure that nationally, no additional revenue other than would have been due allowing for inflation, is collected as a result of revaluation.

The current revaluation applies from 1 April 2010 (based on property values as at 1 April 2008).

**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 (between 2006-07 to 2009-10 the maximum RV was £7,000) or a sole petrol filling station or pub with a maximum RV of £12,500 (between 2006-07 to 2009-10 the maximum RV was £10,500).

Discretionary Rural Rate Relief is also available for other businesses in a defined rural area with a maximum RV of £16,500 (between 2006-07 and 2009-10 the maximum RV was £14,000).

**Schedule of Payments** – in 2008-09 there were several large scale revaluations that were back dated for a number of years. It was recognised that businesses would not be able to pay this back dated liability immediately. To assist with the recovery of this money, agreements for a Schedule of Payments were drawn up between local authorities and the rate payer to allow the payment of this back dated liability over a maximum period of 8 years. In 2009-10 this amounted to a net figure of £106 million.

No account has been taken in completing the NNDR1 form of any revenues to be collected in 2010-11 or 2011-12 which are as a result of Schedule of Payment agreements.

**Small Business Rate Relief scheme (SBRR)** - a relief scheme within the business rates system to help small businesses meet the cost of their rates.

The SBRR is funded by those businesses not receiving benefit from the scheme through a supplement included in the National Multiplier.

An important change to the level of relief granted was introduced from 1 October 2010 and will run until 31 March 2013 at least. Those hereditaments with a rateable value of less than £6,000 who were eligible for relief at 50% of their rate liability now have 100% rate relief – they pay no rates at all. Those hereditaments with a rateable value of between £6,001 and £12,000 and were eligible for relief on a sliding scale between 50% and zero and now entitled to relief on a sliding scale between 100% and zero. The additional costs arising from this temporary change in the scheme will be met by the Government. There will be no adjustment to the multiplier to reflect the extension of the relief.

In addition, the Government has also amended the SBRR legislation to remove the single occupancy criteria for ratepayers to have their bills calculated using the small business multiplier in 2012-13 and onwards and this is reflected in the returns for 2012-13.

**For the period 2005-06 to 2009-10**

<b>Rateable Value Range</b>	<b>Multiplier payable</b>	<b>Relief Granted</b>	<b>Note</b>
Below £5,000	Small business rate multiplier 2005-06: 41.5p 2006-07: 42.6p 2007-08: 44.1p 2008-09: 45.8p 2009-10: 48.1p.	50% rate relief on liability	This relief is available for: - one property; - one main property and other additional properties, according to certain conditions.
Between £5,001 and £10,000		Relief is on a declining sliding scale from 50% to zero.	
Between £10,001 and £21,500 in London or £10,001 and £15,000 elsewhere		No relief granted	
Rest	National non-domestic rate multiplier 2005-06: 42.2p 2006-07: 43.3p 2007-08: 44.4p 2008-09: 46.2p 2009-10: 48.5p		The Small Business Rate Relief scheme is funded by businesses that pay the national non-domestic rates multiplier.

**For 1 April 2010 to 30 September 2010**

<b>Rateable Value Range</b>	<b>Multiplier payable</b>	<b>Relief Granted</b>	<b>Note</b>
Below £5,000	Small business rate multiplier 2010-11: 40.7p	50% rate relief on liability	This relief is available for: - one property; - one main property and other additional properties, according to certain conditions.
Between £5,001 and £10,000		Relief is on a declining sliding scale from 50% to zero.	
Between £10,001 and £21,500 in London or £10,001 and £15,000 elsewhere		No relief granted	
Rest	National non-domestic rate multiplier 2010-11: 41.4p		The Small Business Rate Relief scheme is funded by businesses that pay the national non-domestic rates multiplier.



**For 1 October 2010 to 31 March 2013**

<b>Rateable Value Range</b>	<b>Multiplier payable</b>	<b>Relief Granted</b>	<b>Note</b>
Below £6,000	Small business rate multiplier 2010-11: 40.7p 2011-12: 42.6p 2012-13: 45.0p	100% rate relief on liability	This relief is available for: - one property; - one main property and other additional properties, according to certain conditions.
Between £6,001 and £12,000		Relief is on a declining sliding scale from 100% to zero.	
Between £12,001 and £25,500 in London or £12,001 and £18,000 elsewhere		No relief granted	
Rest	National non-domestic rate multiplier 2010-11: 41.4p 2011-12: 43.3p 2012-13: 45.8p		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 SBRR scheme. The small business multiplier for 2012-13 is £0.450. The figure is set annually by the Government and reflects the change in the Retail Price Index in September of the previous year.

**Transitional Relief** - Properties are revalued every five years and transitional arrangements are in place which moderate significant increases and decreases in bills. The transitional scheme is designed to be broadly 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 figures for Transitional Relief shown in the tables in this release are net (i.e. the reduced yield due to the full increases in NNDR being deferred because of the transitional arrangements less the increased yield due to the full decreases in NNDR being deferred).

The transitional relief scheme for the period 2005-06 to 2009-10 was designed to phase in significant changes in bills over a maximum of four years so that in 2009-10, the final year of the 2005 revaluation period, all hereditaments were expected to be paying their true rates liability. The transitional relief scheme for the period 2010-11 to 2014-15 is designed to phase in significant changes in bills over a maximum of five years.

## **Data quality**

The information in this release is based on data returned to the Department for Communities and Local Government by English billing authorities on National Non-Domestic Rates (NNDR1) forms and the NNDR1(Supplementary) form.

The financial data collected are used in calculating each local authority's initial contribution to the national non-domestic rates pool. This effectively ensures a 100% response rate before the release is compiled.

The data taken from the NNDR1(Supplementary) form are, in general, as supplied by the local authorities. DCLG have corrected errors in the data as necessary after consultation with local authorities.

The key financial figure reported on the form (i.e. the local authority's estimate of their contribution to the national non-domestic rates pool) sets the figure they are expected to transfer to the Department for Communities and Local Government during the year. This contribution to the pool is normally made in 24 equal payments. Although these contributions to the pool are fixed at the beginning of the year, if during the year an authority estimates they will collect less non-domestic rates than they originally estimated, subject to a number of conditions, their contributions may be varied downwards. This can happen up to a maximum of four times during the year. Local authorities have a very strong financial incentive to report accurate financial figures on the NNDR1 forms. The form also has to be signed by the Chief Finance Officer of the authority.

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 within the Department for Communities and Local Government 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.

## **Uses made of the data**

The data in this Statistical Release are used to inform government policy on national non-domestic rates as well as calculating each local authority's contribution to the national non-domestic rates pool. The data also allow policy colleagues to be able to monitor the results of any policy or financial changes to non-domestic rates or reliefs. The national non-domestic rates figure for 2012-13 will also be used to estimate accrued national non-domestic rates for the Office for National Statistics which will be used in the Public Sector Finances statistics and the National Accounts. In addition the data are regularly used in answering parliamentary questions and various information requests.

The data are also used by local authorities and their associations. Data are made available on a local level and there are many requests for these data for comparisons between authorities.

Both National Non-domestic Rate forecast and outturn information have been using in the continuing development and analysis relating to the 'Business Rate Retention' scheme. Information has been used at local and national level.

## Background Notes

1. For press enquiries about this Statistical Release please contact the Local Government press desk on 0303 444 1201 or email [press.office@communities.gsi.gov.uk](mailto:press.office@communities.gsi.gov.uk). For other enquiries please telephone John Farrar on 0303 444 2116 or email [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk).
2. This Statistical Release can be found at the following web address:  
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/nondomesticrates/forecast/>
3. The figures shown in this release may have been updated from previous statistical releases. The data are subject to updating as a result of both audited and revised forms being received.
4. The NNDR3 data for 2008-09 to 2010-11 are taken from returns that have been certified by auditors. The data for 2010-11 have been revised from those published in the Statistics Release *National non-domestic rates collected by local authorities in England 2011-12* that was issued on 25 August 2011. This is because the data have been taken from auditor certified NNDR3 forms rather than the non-certified forms used for the August release. Data for 2011-12 are taken from NNDR1 forms and are consistent with those published in May 2011. They have not been updated to reflect any changes brought about as a result of local authorities submitting NNDR2 forms during 2011-12.
5. The information for 2012-13 in this release is derived from national non-domestic rates (NNDR1) returns submitted by all 326 billing authorities in England in January and February 2012.
6. Timings of future releases are regularly placed on the Department's website, <http://www.communities.gov.uk/corporate/researchandstatistics/statistics/publicationschedule/> and on the National Statistics website, <http://www.statistics.gov.uk/hub/index.html>
7. Further information is also available on the department's website <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/>
8. For a fuller picture of recent trends in local government finance readers are directed to *Local Government Financial Statistics England No.21 2011* which is available in hard copy from Cambertown Limited at [product@communities.gsi.gov.uk](mailto:product@communities.gsi.gov.uk) (Tel. Tel: 0300 123 1124) and electronically in PDF format via the Department's web site: [www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/](http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/)

9. 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>

#### **Symbols and convention used in this release**

...	=	not available
–	=	not relevant
-	=	negative
0	=	Zero or negligible
	=	Discontinuity in data
B	=	Budget figure
E	=	Experimental data
R	=	Revised since the publication of the last statistical release

#### **Rounding**

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