



Ministry of Housing,
Communities &
Local Government

Non-Domestic Rates
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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 (3/2020): Budget 2020

This is the third business rates information letter to be issued by the Ministry of Housing, Communities and Local Government this year. Previous letters are available 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/>.

This letter covers:

- **Budget 2020 business rates measures**
- **Administration and communication of reliefs**
- **New Burdens**
- **Small business grant funding**

2020 Budget: Business rates measures

The BRIL published on 27 January explained that the Government would be increasing the retail discount available to eligible properties with a rateable value of less than £51,000 from one third to 50% for 2020/21.

In response to COVID-19, at Budget 2020 the Government announced that it would provide additional business rate support to some small businesses. The Chancellor announced, as a temporary measure for 2020/21 that he would:

- Increase the level of the retail discount to 100 per cent for eligible retail businesses occupying a property with a rateable value of less than £51,000;
- Expand the retail discount to include hospitality and leisure properties, with a rateable value of less than £51,000 (such as museums, theatres, gyms and hotels); and
- Increase the level of the pubs discount to £5000 for pubs with a rateable value less than £100,000.

These changes will have effect for 2020/21. State aid rules apply to these discounts in the normal way.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988, as amended) to grant these discounts in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting the discount through a Section 31 grant from Government. No new legislation will be required to deliver the scheme.

Administration and communication of reliefs

The Ministry of Housing, Communities and Local Government (MHCLG) will shortly publish updated guidance for local authorities, reflecting the changes to the retail discount, including the addition of the leisure and hospitality sectors, as well as refreshed guidance on the pubs discount.

Given the urgency, we know billing authorities will want to act quickly and have in place clear and swift arrangements for communicating with ratepayers the changes covered by this BRIL, as well as on the anticipated timescale for billing or re-billing, where applicable. To support this, MHCLG has been working closely with representatives of local government and the software providers and the expectation is that authorities will be able to include the extended relief in bills quickly.

Authorities are ultimately responsible for decisions on issuing and sending business rates bills. However, those authorities that have yet to issue bills (and which currently include the changes set out in the WMS on 27 January) and are able to quickly update their systems in line with the changes announced at Budget may consider delaying bills until they are able to make these changes. This is a decision for individual local authorities.

New Burdens

MHCLG recognises that implementing these new measures will place some additional burden on billing authorities and confirms that it will provide New Burdens funding to cover matters such as IT costs, additional staff costs and rebilling. In accordance with the New Burdens doctrine, the Department will conduct an assessment of the expected reasonable additional costs of new software and staffing/administration with relevant stakeholders.

Small business grant funding

The Government recognises that many small businesses pay little or no business rates because of Small Business Rate Relief (SBRR). To support those businesses, the Government will provide £2.2 billion of funding for Local authorities in England. This will provide £3,000 to around 700,000 business currently eligible for SBRR or Rural Rate Relief, to help meet their ongoing business costs.

The Government will publish guidance to help local authorities implement the grant and recognises that implementing this new measure will place some additional burden on billing authorities and confirms that it will provide New Burdens funding.