



Ministry of Housing,
Communities &
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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 (4/2018): Autumn Budget 2018
and Provisional Multipliers for 2019-20**

This is the fourth business rates information letter to be issued by the Ministry of Housing, Communities and Local Government this year. Previous letters are available on the internet at:

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

or for archived letters:

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

- **2018 Autumn Budget**
- **New Burdens**

- **Provisional Multipliers for 2019-20**
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2018 Autumn Budget

The government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve. Therefore, the Chancellor of the Exchequer announced a package of business rates measures at the 2018 Autumn Budget on 29 October:

- A one third discount for retail property with a rateable value below £51,000 for two years;
- Intention to legislate to grant a 100% relief from business rates for all standalone public toilets;
- Extension of the £1500 business rates discount for local newspapers' office space in 2019/20.

Retail Relief

The Government has announced a new relief scheme for retail properties that have a rateable value of below £51,000. Under the scheme, eligible ratepayers will receive a one third discount of their daily chargeable amount. The definition of retail properties will follow that adopted from the previous retail relief scheme in 2014/15 and 2015/16. MHCLG plans to publish guidance on the operation of the relief scheme for retail shortly. However, local authorities should begin preparations for implementation on the basis of the definition of retail in the previous retail relief scheme. The relief will have effect for 2019/20 and 2020/21 and should be applied from the start of the billing cycle. State aid rules will apply to the retail relief 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 this new relief for retail properties in line with the relevant eligibility criteria. They will be compensated for the cost of granting the relief through a Section 31 grant from Government. No new legislation will be required to deliver the scheme.

New Burdens

MHCLG fully recognises that implementing the new Retail Relief scheme will place some additional burden on billing authorities. 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 shortly. Full details of funding for these costs will be released following this assessment.

Public Toilets

The Government also announced intentions to bring forward primary legislation to grant a 100% relief from business rates for all standalone public toilets. Further details on this measure will follow in due course.

Provisional Multipliers for 2019-20

Under Schedule 7 to the Local Government Finance Act 1988 (as amended) there are two multipliers. The small business non-domestic rating multiplier which is used for those properties with a rateable value below £51,000; and the non-domestic rating multiplier, paid by properties above those levels and which includes the supplement to pay for the small business rate relief scheme.

The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2019-20 is based on the 2018-19 multiplier adjusted for Retail Price Index inflation for September 2018 unless HM Treasury exercises its order making power.

At Autumn Budget 2017 the government confirmed that it would bring forward the planned switch in the indexation of business rates from RPI to the main measure of inflation (currently CPI) by two years to April 2018.

This results in a provisional small business non-domestic multiplier for 2019-20 of 49.1p. The provisional non-domestic multiplier will therefore be 50.4p in 2019-20.

In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the Local Government Finance Report for 2019-20 has been approved by the House of Commons or 1 March 2019, whichever is earlier.

Local authority websites

The Department is grateful to local authorities for the information they make available to ratepayers about business rates and the support available through reliefs. We would encourage all local authorities to continue to regularly check their website and listen to feedback from ratepayers to ensure the information on their websites is up to date and clear.