



Ministry of Housing,  
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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 (2/2021): Budget and Confirmation of the 2021/22 Business Rates Multipliers**

This is the second 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/>.

**This letter covers:**

- **Budget 2021 business rates measures**
- **Administration and communication of reliefs**
- **New Burdens**
- **Confirmation of the 2021-2022 Business Rates Multipliers**

## Budget 2021 business rates measures

At the Budget on 3 March 2021, the Chancellor announced that the Government would provide additional business rates support for eligible retail, hospitality, leisure, and nursery businesses in England occupying a qualifying property.

As temporary measure for 2021/22 he announced that:

- The Expanded Retail Discount (2020/21) will be extended for three months for eligible properties, at 100% relief, uncapped, for the period 1 April 2021 to 30 June 2021.
- From 1 July 2021 to 31 March 2022, the Expanded Retail Discount would apply at 66% relief for eligible properties in the scheme, with a cash cap of £2m for businesses that were required to close as at 5 January 2021, and up to £105,000 for business permitted to open at that date.
- The Nursery Discount 2021 would also be extended for three months, at 100%, uncapped, for the period 1 April 2021 to 30 June 2021.
- From 1 July 2021 to 31 March 2022 the Nursery Discount would apply at 66% relief for eligible properties, with a cash cap of £105,000.
- For the Expanded Retail Discount 2021/22 and Nursery Discount 2021/22, businesses may choose to opt out of support by providing billing authorities notification of their request to refuse support, per eligible hereditament.

These changes will have effect for 2021/22. 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.

As a short-term measure, authorities may consider rolling forward their 2020/21 scheme into the first three months of 2021/22. Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months notice before varying a rate relief scheme the effect of which would have been to increase rate bills. Therefore, authorities should be clear in their scheme, decision and determination that the 100% scheme is for three months only and must not put in place a scheme which runs past 30 June 2021. Authorities should also ensure that their scheme from 1 April 2021 includes the option for ratepayers to refuse the discount

To ensure that the relief awarded for the initial three months meets the requirement of section 47 to give 12 months' notice (which can only take effect from 31-March of a financial year) billing authorities may also wish to consider issuing a letter to ratepayers providing notification of the award of the extended relief to all affected ratepayers. This notification should highlight that the 100% relief only applies for the

first three months of the financial year and that a further decision will be made in respect of the period 1 July to 31 March at 66% relief will apply to eligible ratepayers.

Authorities should also ensure that their scheme from 1 April 2021 includes the option for ratepayers to refuse the discount.

### **Administration and communication of reliefs**

The Ministry of Housing, Communities and Local Government (MHCLG) has published updated guidance on the Expanded Retail Discount 2021/22 and Nursery Discount 2021/22 to assist billing authorities. This guidance is available online at: <https://www.gov.uk/government/publications/business-rates-expanded-retail-discount-2021-to-2022-local-authority-guidance> and <https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance>. This includes details on the operation of the cash cap and opt out.

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 letter, as well as on the anticipated timescale for billing or re-billing, where applicable.

Authorities are ultimately responsible for decisions on issuing and sending business rates bills. However, to support this, MHCLG has been working closely with representatives of local government and the user group representatives and the expectation is that authorities will be able to quickly roll forward their 2020/21 Expanded Retail Discount and Nursery Discount.

As set out in the BRIL of 1/2020 <https://www.gov.uk/government/publications/12020-rate-reliefs-and-provisional-2020-to-2021-business-rates-multipliers> and 2/2020 <https://www.gov.uk/government/publications/22020-confirmation-of-the-2020-to-2021-business-rates-multipliers> the Department amended the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003. In line with these changes the Government will no longer update the explanatory notes as a result of reliefs announced at Budget. Ratepayers should contact their local authority for details of the reliefs available. The statutory instrument can be found at the following link: <http://www.legislation.gov.uk/uksi/2020/133/contents/made>.

### **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

## **Confirmation of the Non-Domestic Rating Multipliers for 2021/2022**

As set out in the Spending Review published on 25 November 2020, the Government has decided to freeze the business rates multipliers in 2021/22.

The Government has laid the necessary legislation (the Local Government Finance Act 1988 (Non-Domestic Rating Multipliers) (England) Order 2021) to implement this freeze.

Following the approval by the House of Commons on 10 February 2021 of the Local Government Finance Report (England) 2021/2022, the Secretary of State has calculated the non-domestic rating multipliers for England for 2021/2022.

In accordance with the requirements of paragraph 6(1) of Schedule 7 to the Local Government Finance Act 1988 (inserted by paragraph 62 of the Local Government Act 2003), this Business Rates Information Letter provides details on the non-domestic rating multiplier and the small business non-domestic rating multiplier for England for 2021/2022. For 2021/22, the values of the multipliers are:

- non-domestic rating multiplier: 51.2p (0.512)
- small business non-domestic rating multiplier: 49.9p (0.499)