



Ministry of Housing,  
Communities &  
Local Government

# National non-domestic rates to be collected by local authorities in England 2021-22

Technical Notes



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# Contents

<b>Data collection</b>	<b>4</b>
<b>Data quality</b>	<b>4</b>
Things to note on this release	4
Assessment of data quality	5
<b>Definitions</b>	<b>5</b>
<b>Revisions policy</b>	<b>14</b>
Non-Scheduled Revisions	15
Scheduled Revisions	15
<b>Other information</b>	<b>15</b>
Uses of the data	15
Devolved administration statistics	16
User engagement	16

## Data collection

All 309 billing authorities in England were required to complete the NNDR1 form to show their forecast for national non-domestic rates that they will collect in 2021-22.

NNDR1 forms were submitted by local authorities in England in January. They have been approved by the Chief Financial Officer or Section 151 Officer to confirm that the form had been completed in accordance with schedule 7B of the Local Government Finance Act 1988 and the regulations made under it.

## Data quality

### Things to note on this release

Data that was published in the release on the 17 February 2021 covered 305 billing authorities out of 309. The missing authorities were: Carlisle, Derby, Mole Valley, and Windor and Maidenhead, who were delayed in their submission. The latest update to the release includes data for those four authorities, as well as updates to some data for Ashfield, Bromley, Central Bedfordshire, East Hampshire, Eden, Havant, Medway, Runnymede, and Thurrock due to revisions submitted by those authorities after the initial release.

The data for 2021-22 are not directly comparable with the previous year because of the exceptional business rates reliefs introduced in the year in response to the COVID-19 pandemic. These reliefs provided 100% relief to those businesses in the retail, hospitality and leisure sector and to eligible nurseries. This means forecast income is significantly lower and forecast reliefs are higher for 2020-21 than normal, and so is not comparable to previous or subsequent years.

Authorities' estimates of losses on collection and due to appeals provision are higher this year than previously. In part, this is because some (but not all) authorities have reflected the fact that, as a result of the COVID-19 pandemic, some ratepayers have sought temporary reductions to their rates liability on the grounds that there has been a material change of circumstance.

## Assessment of data quality

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

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.

### **Operational context and administrative data collection**

The information in this release is based on data returned to Ministry of Housing, Communities and Local Government (MHCLG) by billing authorities in England on the National non-domestic rates (NNDR1) forms. They have been certified by Chief Finance Officers or S151 officers as correct. The data will be used to calculate payments that need to be made under the business rates retention scheme, both between billing authorities and major precepting authorities, and between MHCLG and local authorities. This effectively ensures a 100% response rate before payments are made.

## 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/localgovernment-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 took part in a pilot or are 100% business rates retention 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 Area** – an Enterprise Zone or a New Development Deal.

**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 shown in Table 2 of this release.

**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. This relief is no longer available, but is included in the data for previous years.

**Enterprise Zones** – specific areas where a combination of financial incentives and reduced planning restrictions apply. Enterprise Zones 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;

**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.

From April 2017 hereditaments with a rateable value under £2,900 get extended relief until they are occupied.

**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.

**Expanded retail discount relief** – this relief was announced in March 2020 in response to the Covid-19 pandemic and was for one year only. This superseded the existing retail discount relief that had been announced in January 2020. The relief provided a 100% discount to hereditaments occupied by all businesses that were classified as in retail, leisure and hospitality sectors, regardless of rateable value and which were subject to business rates in the year 2020-21.

**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 almost 2 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.

**Local newspaper relief** – this relief was announced in March 2016, this relief provides a £1,500 discount on office space occupied by local newspapers. This was originally set to be available from two years from 1 April 2017 but has since been extended. In January 2020, the Government announced it would be available until 31 March 2025.

**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 are shown in Table 2 of the release.

**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 2021-22 is £0.512. This is the same as the previous year as the figure was frozen for one year in the 2020 spending review.

**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.

**Nursery Relief** – this relief was announced in March 2021 in response to the Covid-19 pandemic and provided a 100% business rates discount in 2020-21 for hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which were subject to business rates in the year 2020-21. There was no rateable value limit on the relief.

**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. This relief was discontinued for 2019-20.

**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** – since 1 April 2013, local authorities are allowed to retain up to 100% of business rates from new renewable energy projects.

**Retail Discount relief** – this relief provided a third off business rates bills for eligible retail hereditaments with a rateable value under £51,000 and was introduced from 1 April 2019 to run for 2 years. In late January 2020, the Government announced that this relief would be continued for a further year, with the discount being raised to 50%. As this was announced during the latter stages of the 2020-21 NNDR1 collection, some authorities reported their figures on the old basis and some on the new basis. This relief was then superseded by the expanded retail discount relief announced in response to the Covid-19 pandemic.

**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 few years, at revaluation, to ensure changes in property market rent values are taken into account..

Rateable values will go both up and down at revaluation, in comparison to the average but 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). The previous revaluation was in 2010. The next revaluation is expected to take place in 2023.

**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.

The following lists show the changes to reliefs where Section 31 grant payments were or due to be paid which are shown in Table 3 of the main release. :

- a) the cap on the increase in the small business multiplier to 2% in 2014-15 and 2015-16 and the change from RPI to CPI from 2018-19 and for the freeze to the business rates multiplier in 2021-22;
- b) the doubling of Small Business Rate Relief and changes in thresholds;
- 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. This is a relief that has run since 1 April 2017 and will continue to run until 31 March 2025.;
- 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 is administered by billing authorities, for four years from 1 April 2017 to 31 March 2021, to be applied according to their own framework. This relief was temporary and is no longer available;
- 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 ended on 31 March 2019. This relief was temporary and is no longer available;
- 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;
- o) additional growth in Tees Valley growth pilot area was funded as a Section 31 grant in 2017-18 only, and has since been included in their amount to be funded through the central share;
- p) telecomms relief will apply retrospectively from 1 April 2017 and will run for 5 years. It will be administered by Valuation Office Agency (VOA) who will notify authorities of rateable value for any new eligible telecomm fibre;
- q) retail discount relief is a new scheme which allows a third off bills for occupied eligible retail hereditaments with rateable values under £51,000. This relief comes into effect from 1 April 2019 and was for two years. This relief was temporary and is no longer available.

The expanded retail discount and nursery discount announced in response to the Covid-19 pandemic in March 2020 was also compensated for S31 grants. However these were treated in a different way and do not currently reflect amounts due to the authority. The reconciliation of these payments will occur through the 2020-21 NNDR3 form.

**Section 47 (S47)** – this refers to Section 47 of the Local Government Finance Act 1988 which allows authorities to award locally funded discretionary discounts. These are not forecast.

**Shale Gas** – from 2018-19, local authorities are allowed to retain up to 100% of business rates from new shale gas sites.

**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 2021-22) 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. It effectively doubled the level of Small Business Rate Relief granted. From 2010 to 2017 this was a temporary doubling. From 2017-18 this became a permanent change. The additional costs arising from this change in the scheme are met by the Government (see Table 3 above). In addition, in 2017-18 thresholds changed for those eligible to the relief. The current thresholds 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 2021-22: 49.9	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 2021-22: 51.2		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. Since 2018-19, the multiplier reflects the change in the Consumer Price Index in September of the previous year. The small business multiplier for 2021-22 is £0.499. This is the same as the previous year, as the multiplier was frozen for one year in the 2020 spending review.

**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.

**Telecomms relief** – this relief applies (retrospectively) from 1 April 2017 and will run for five years. VOA will notify local authorities of the rateable value of any new eligible telecomms fibre.

**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.

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Ministry of Housing, Communities and Local Government

Revisions Policy and can be found at

<https://www.gov.uk/government/publications/statistical-notice-mhclg-revisions-policy>.

It covers two types of revisions that the policy covers, as follow:

## 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

The latest revision to the release on 3 March 2021 added data for the four authorities missing from the initial release (Carlisle, Derby, Mole Valley, and Windsor and Maidenhead), as well as updates to some data for Ashfield, Bromley, Central Bedfordshire, East Hampshire, Eden, Havant, Medway, Runnymede, and Thurrock due to revisions submitted by those authorities after the initial release. No further revisions to the release and tables that accompany the release are expected.

A further table will be published in March 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 2020.

## Other information

### Uses 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 2021-22 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-localgovernment/series/national-non-domestic-rates-collected-by-councils>.

## 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 <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Non-DomesticRates/Estimates/nondomesticratesestimates-by-authority>

In Welsh: <https://statscymru.llyw.cymru/Catalogue/Local-Government/Finance/Non-DomesticRates/Estimates/nondomesticratesestimates-by-authority>

## User engagement

Users are encouraged to provide 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 encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.



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>.