Department for Communities and Local Government

Statistical Release

12 February 2013

NATIONAL NON-DOMESTIC RATES TO BE COLLECTED BY LOCAL AUTHORITIES IN ENGLAND 2013-14

- Local authorities estimate they will collect £21.7 billion of national non-domestic rates in 2013-14. This is after making allowances for both mandatory and discretionary reliefs and the cost of collection but before transitional relief
- It is estimated that £2,260 million of mandatory relief will be granted in 2013-14. Discretionary relief will amount to £92 million.
- The small business rate relief (SBRR) scheme will grant £454 million more relief than is collected by the SBRR supplement.
- Local authorities estimate that in 2013-14, the net cost of transitional relief will be £117 million.

This release provides information on national non-domestic rates and associated information for the financial year 2013-14.This information is derived from the new style national non-domestic rates (NNDR1) returns introduced this year to reflect the introduction of the rates retention scheme. The forms were submitted by all 326 billing authorities in England in January and February 2013. This release only presents data relevant to the new scheme, although it is planned to issue further information on comparisons with the old style NNDR system at a later date.

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 2013-14

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1. **Table 1** gives details of the amount of national non-domestic rates local authorities estimate they will collect in 2013-14 and the reliefs they will grant.

- Local authorities estimate they will collect £21.7 billion of national non-domestic rates in 2013-14. This is after making allowances for both mandatory and discretionary reliefs and the cost of collection but before transitional relief
- It is estimated that £2,260 million of mandatory relief will be granted in 2013-14. Discretionary relief will amount to £92 million.
- The small business rate relief (SBRR) scheme will grant £454 million more relief than is collected by the SBRR supplement.
- Local authorities estimate that in 2013-14, the net cost of transitional relief will be £117 million.

2. The national non-domestic rates scheme has changed from 2013-14 following the introduction of a business rates retention scheme where local authorities will be able to retain a proportion of the growth in revenue that is generated in their area. Further details can be found in *Terminology used in this release*. This release only presents data relevant to the new scheme, although it is planned to issue further information on comparisons with the old style NNDR system at a later date.

3. 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 which is designed to help small businesses meet the cost of their rates and is primarily funded by those businesses not receiving benefit from the scheme through a supplement. The amount of relief was temporarily increased in October 2010 and the additional costs arising from this temporary change in the scheme will be met by the Government.

4. The multipliers used are shown in **Table 1**. In 2013-14 those hereditaments that will not benefit from the Small Business Rate Relief scheme will pay an additional 0.9p supplement to fund the Small Business Rate Relief granted. Further details can be found in *Terminology used in this release*.

5. **Table 1** shows 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

6. **Table 1** also gives estimates for transitional relief that billing authorities expect to apply to national non-domestic rates bills in 2013-14. 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 1 National non-domestic rates to be collected by local authorities 2013-14		
	£ million	
Gross calculated rate yield		**26,405**
Small business rate relief scheme		
Additional yield generated to finance SBRR scheme	446	
Cost of small business rate relief scheme relief	901	
Net cost of the small business rate scheme		**454**
Mandatory relief		
Cost of relief to chartities	1,333	
Cost of relief to Community Amateur Sports Clubs (CASCs)	18	
Cost of relief to rural shops post offices etc	6	
Cost of relief for partly empty properties	40	
Cost of relief for empty properties	863	
Total		**2,260**
Discretionary relief		
Cost of relief to charities	43	
Cost of relief to non-profit makng bodies	41	
Cost of relief to Community Amateur Sports Clubs (CASCs)	1	
Cost of relief to rural shops post offices etc	3	
Cost of relief to other rural businesses	2	
Cost of other Section 47 reliefs	2	
Total		**92**
Gross Rate Yield after reliefs		**23,599**
Estimate of losses in collection	328	
Allowance for Cost of Collection	84	
Special Authority Deductions (City of London only)	11	
Cost of collection		**422**
Gross Rate Yield after reliefs and cost of collection		**23,176**
Enterprise Zones		
Estimated level of discount	6	
Estimated value of NDR in EZ area in 2013-14	88	
EZ Baseline figure	80	
Net total estimated value of rates to be retained		**9**
New Development Deals		
Estimated value of rates in NDD area in 2013-14	14	
NDD Baseline figure	14	
Net total estimated value of rates to be retained		**0**
Renewable Energy Schemes-total estimated value to be retained		2
Net Rate Yield excluding transitional relief		**23,166**
Net Rate retention adjustments- estimate of change in RV between Oct 2012 & Sept 2013	137	
Net Rate retention adjustments (Estimated change in RV x multiplier)	64	
This equates to a percentage change	0.24%	
Local authority estimate of adjustment due to appeals	1,490	
		1,426
Net Rate Yield excluding transitional relief but after rates retention adjustments		**21,740**
Transitional arrangements		
Addition revenue received because reduction delayed	48	
Revenue forgone because increase delayed	164	
Net cost of transitional arrangement		**117**
Net Rate Yield after transitional arrangements		**21,623**
How the revenue will be allocated		
Amount of NNDR to be paid to central government		**10,863**
Amount of NNDR to be retained by local authority		**8,821**
Amount of NNDR to be passed to county council / GLA		**1,928**
Amount of NNDR passed to Fire Authority		**122**
Renewable Energy retained by local authority		**2**
Renewable Energy passed to county council		**0**
Small business rate multiplier(pence)		46.2
National non-domestic rates multiplier (pence)		47.1
Number of hereditaments on rating list as at 30 Sept 2012 ('000s)		1,771
Aggregate rateable value on rating list as at 30 Sept 2012		57,154

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 2012*. This is accessible at
https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-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 non-domestic property in England (and Scotland and Wales), based on the notional annual rent of a property know as the **Rateable Value**, also called **National non-domestic rates**.

Business rates retention - From April 2013, the Government has reformed the way in which local government is funded through the introduction of the business rates retention scheme. The local government sector (local authorities and fire and rescue authorities) will now be able to benefit directly from supporting local business growth as they will be able to keep half of any increases in business rates revenue to invest in local services.

In addition, safety net payments will be available if a council's business rates income falls by a certain amount. This safety net will be funded by a levy paid by those councils whose business rates revenue increases by a disproportionate amount compared to their needs. The levy is designed to ensure that the more councils grow their business rates, the more they benefit.

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. In 2013-14 it is estimated this will amount to about £1,325 million.

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 2012-13 businesses were allowed to defer 3.2% of their bills. 50% of the money deferred will be paid in 2013-14 and 50% in 2014-15. No account of the income from monies deferred from previous years has been taken into account in the figures in the 2013-14 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
- Other Section 47 reliefs

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 for a five year period up to state aid de minimis levels;

- 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;

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**.

Properties can 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.

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.

The Government is introducing a new temporary measure for unoccupied new builds from October 2013. Unoccupied new builds will be exempt from unoccupied property rates 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.

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 nearly 1.8 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.

Losses in appeals – Following a revaluation, the last was in 2010, the owners of hereditaments will often appeal against the rateable value placed on their property. This figure is the local authorities' estimates of the amount of non-domestics rates they will not be able to collect because of successful appeals.

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

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 2013-14 is £0.471. 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.

New Development Deals - The Government is making £120m of funding available over six years (£15m in both 2013-14 and 2014-15) to provide investment in growth through financing additional infrastructure.

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.

Renewable Energy – Local authorities will be able to retain up to 100% of business rates from new renewable energy projects from 1 April 2013.

Revaluation - the rateable value of a property is generally re-assessed every five years, at revaluation, to ensure changes in property market rent values are taken into account. Subject to Royal Assent being granted to the Growth and Infrastructure Bill, the next revaluation will be postponed until 2017 to provide greater stability for businesses to encourage economic growth. Five yearly revaluations will continue from 2017. Revaluation does not raise extra money for Government.

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).

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 primarily 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 2014 which doubles the usual level of Small Business Rate Relief. The additional costs arising from this temporary change in the scheme are being met by the Government. There was no adjustment to the multiplier to reflect the extension of the relief.

For 1 October 2010 to 31 March 2014

Rateable Value Range	Multiplier payable	Relief Granted	Note
Below £6,000	Small business rate multiplier 2010-11: 40.7p 2011-12: 42.6p 2012-13: 45.0p 2013-14: 46.2p	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.	
Up to £25,500 in London and £18,000		No relief granted but bills	

elsewhere		calculated using the small business multiplier	
Rest	National non-domestic rate multiplier 2010-11: 41.4p 2011-12: 43.3p 2012-13: 45.8p 2013-14: 47.1p		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 2013-14 is £0.462. 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 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 after which all hereditaments will be expected to be paying their true rates liability.

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) form.

The financial data contained in the NNDR1 form will be used by billing authorities and major precepting authorities to agree a schedule of payments for the share of business rates income that is to be paid to major precepting authorities. The data will also be used in calculating the entitlement that individual local authorities might have to safety net payments. It also informs other payments that need to be made under the business rates retention scheme, both between billing authorities and major precepting authorities, and between the Department for Communities and Local Government and local authorities. This statistical release is based on 100% response rate on information provided by Friday 8 February 2013.

Local authorities therefore 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. 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.

Following receipt of NNDR1 forms, the Department for Communities and Local Government will calculate what every authority - both billing authorities and major precepting authorities - is entitled to as a safety net payment on account. The Department will notify local authorities of these estimated amounts before the end of February. Local authorities will then need to confirm whether they would like these sums to be paid as safety net payments on account.

The NNDR1 form will also be used by the Department for Communities and Local Government to prepare a schedule of payments. This will be sent to local authorities, detailing the amounts that will be paid, and when payments will take place. The schedule of payments under the business rates retention scheme will cover:

- Central share payments
- Tariff and top-up payments
- Transitional protection payments
- Safety net payments on account

The national non-domestic rates figure for 2013-14 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.

Local authority data are published on the DCLG website and can be found here https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/national-non-domestic-rates-collected-by-councils

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. For other enquiries please telephone John Farrar on 0303 444 2116 or email nndr.statistics@communities.gsi.gov.uk.

2. This Statistical Release can be found at the following web address: https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/national-non-domestic-rates-collected-by-councils

3. The information in this release is derived from national non-domestic rates (NNDR1) returns submitted by all 326 billing authorities in England in January and February 2013.

4. Timings of future releases are regularly placed on the Gov.uk website, https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications and on the National Statistics website, http://www.statistics.gov.uk/hub/index.html

5. Further information is also available on the local government section of the Gov.uk website https://www.gov.uk/government/topics/local-government

6. For a fuller picture of recent trends in local government finance readers are directed to *Local* Government *Financial Statistics England No.22 2012* which is available in hard copy from Cambertown Limited at product@communities.gsi.gov.uk (Tel: 0300 123 1124) and electronically in PDF format via the Department's web site: https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-finance-statistics-england

7. 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

-	=	negative
0	=	Zero or negligible

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

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