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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 (06/2011): Localism Act 2011**

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

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/>

This letter covers:

- **The Localism Act 2011**

1. Following agreement by both Houses on the text of the Localism Bill it received Royal Assent on 15 November. The Bill is now an Act of Parliament and can be found at the following link:

<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

2. The Act contains four business rates measures in clauses 68 – 71:

- Ballot for imposition and certain variations of a business rate supplement
- Local Discounts
- Small business rate relief
- Cancellation of liability to backdated non-domestic rates

The measures will still need to be commenced and brought into force.

## **Ballot for imposition and certain variations of a business rate supplement**

3. Clause 68 requires that a ballot be held for both any future Business Rate Supplement project and all variations not set out in the relevant prospectus to a Business Rate Supplement.

## **Local discounts**

4. Clause 69 amends section 47 of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief). Central Government will, however, continue to part fund discretionary reliefs in the same circumstances and to the same degree as in previous years. Local authorities will be responsible for fully funding any other discounts granted. We will shortly be amending the contributions regulations in line with that policy intention. We intend to bring all the necessary changes into force in time for the 2012/13 financial year.

## **Small business rate relief**

5. Clause 70 removes the legal requirement for ratepayers to submit an application in order to claim Small Business Rate Relief. Once this provision is in force, the relevant secondary legislation (the NDR (SBRR) (England) Order 2004) will be amended accordingly.

6. We are also amending that Order to remove the single occupancy criteria for ratepayers to have their bills calculated using the small business multiplier in 2012-13 and onwards. This will not, however, impact on the way other reliefs are calculated (all of which is set out in the primary legislation - section 43 of the 1988 Act); so anyone entitled to mandatory charitable rate relief or rural rate relief will be in the same position after we have made the changes to the small business rate relief order as they are now. It will also not change the way that empty property rates are charged.

7. We propose to bring both changes into force in time for the 2012/13 financial year.

## **Cancellation of liability to backdated non-domestic rates**

8. Clause 71 provides the Secretary of State with a limited power to cancel certain backdated business rate liabilities. The power can only be exercised in relation to the 2005 rating list, between the periods 1 April 2005 and 31 March 2010; and extends only as far as properties which were added to the rating lists after the list was originally compiled. The precise circumstances, in which we will cancel backdated rates, are set out in the draft regulations issued with BRIL 03/11.

9. This clause comes into effect 2 months after Royal Assent. The backdated rates bills cannot be cancelled until the draft regulation has been finalised and

laid before Parliament, which cannot be before the commencement of this clause.

### **Next Steps**

10. We will continue to work with software suppliers and local authority practitioners on the implementation of the measures and will provide more information in a further Business Rate Information Letter shortly.