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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 (3/2012): The Business Rates Deferral Scheme and Confirmation of the 2012/13 National Non-Domestic Rate Multipliers

This is the third 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/Busratesinformationletters/

This letter covers:

- The Business Rates Deferral Scheme
- Confirmation of the 2012/13 National Non-Domestic Rate Multipliers
- Value of Q

Business Rates Deferral Scheme

1. As promised in Business Rate Information Letter 7/2011, below are further details on the business rates deferral scheme for 2012-13.

Deferrable amount

- 2. Ratepayers will be able to defer 3.2% of their annual bill for 2012-13.
- 3. In 2009-10, for the sake of simplicity, ratepayers were allowed to defer 3% of their total annual bills, which was equivalent to 60% of the retail price index increase. We propose to take the same approach this time. This time 60% of the retail price index increase equates to 3.2% (rounded) of the total bill.

- 4. We are aiming to have the necessary secondary legislation ready by mid-March. We appreciate that authorities need time to implement the necessary software update. Therefore, the legislation will provide that reductions in instalments will start in July.
- 5. That will mean that, provided ratepayers return their application form by 9 June, they will see the reduction in their July instalment (if they apply later than that date they will see the reduction reflected in their next instalment or the one after that).

Information to go with annual bills

- 6. Attached to this Business Rates Information Letter is information that we would like authorities to send out with annual bills. This includes:
 - a letter for ratepayers setting out the details of the measure;
 - a factsheet; and
 - an application form.
- 7. The cost of stationary and printing will be included in our new burden assessment.
- 8. We will continue to liaise with local authorities and their software suppliers as we prepare the necessary legislation and will provide further details as necessary.

Formal Notification of the Non-Domestic Rating Multipliers for 2012/2013

- 9. Following the approval by the House of Commons on 8 February 2012 of the Local Government Finance Report (England) 2012/2013, the Secretary of State has calculated the non-domestic rating multipliers for England for 2012/2013.
- 10. 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 serves notice on your authority that the non-domestic rating multiplier and the Small Business non-domestic rating multiplier for England for 2012/2013 are:
 - non-domestic rating multiplier 45.8p (0.458)
 - small business non-domestic rating multiplier 45.0p (0.450)
- 11. This notice confirms the provisional figure notified to you in the Communities Business Rate information Letter 8/2011 of 20 December 2011.

Value of Q

12. We have received a number of requests from local billing authorities asking us to provide the value of "Q" (the inflation factor) for transitional relief purposes. The formula for calculating the value of "Q", which uses the current and previous small business multipliers, is set out in regulation 8 of

the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2009 (S.I. 2009/3343)

13. We would like to clarify that the Department has no power to specify the value of Q. Using the formula set out in the regulations our calculation of Q for 2012/2013 (based on the small business multiplier) is **1.056**. Authorities will need to independently satisfy themselves of the figure in accordance with the Regulations.