



Department for
Communities and
Local Government

Non-Domestic Rates Branch
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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 (9/2013):

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

<https://www.gov.uk/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:

- **Autumn Statement**
- **2014-15 Provisional Multipliers**
- **Consultation - Business Rates Appeal Process**

Autumn Statement

The Chancellor announced at yesterday's Autumn Statement a package of business rates measures:

- the Retail Price Index increase in 2014-15 will be capped at 2% instead of 3.2% (further details below);
- the doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2015;

- ratepayers receiving Small Business Rate Relief that take on an additional property which would currently disqualify them from receiving relief will continue to receive their existing relief for 12 months;
- a discount of £1000 for shops, pubs and restaurants with a rateable value below £50,000 for two years up to the state aid limits, from 1 April 2014;
- a 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises that have been empty for a year or more;
- ratepayers will be allowed to elect to pay bills over 12 instalments instead of ten; and
- 95% of the September 2013 backlog in business rates appeals will be cleared before July 2015 (further details below).

The £1000 discount and reoccupation relief will be delivered through authority local discount powers (under s47 of the Local Government Finance Act 1988). The other measures will require legislative changes. We will provide further information on implementation of all measures shortly and will be holding meetings with authority software suppliers.

Local Authorities will be refunded for the loss in receipts as a result of these measures. Refunds will be made through s31 grants.

The Provisional Multipliers for 2014-15

Under Schedule 7 to the Local Government Finance Act 1988 as amended there are two multipliers. The small business non-domestic rating multiplier, which is applicable to those that qualify for small business rate relief, and the non-domestic rating multiplier, which includes the supplement to pay for the small business rate relief scheme.

The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2014-15 is based on the 2013-14 multiplier adjusted for Retail Price Index inflation for September 2013 (3.2%) unless HM Treasury exercises its order making power.

As mentioned above, the Chancellor announced at the Autumn Statement that HM Treasury will exercise that order making power and reduce the Retail Price Index increase to 2%.

This results in a provisional small business non-domestic multiplier for 2014-15 of 47.1p.

Schedule 7 to the 1988 Act also provides that the non-domestic rating multiplier is the small business non-domestic multiplier plus an adjustment to fund the estimated cost of the small business rate relief scheme.

The Secretary of State has estimated that the supplement to fund small business rate relief should be 1.1p for 2014-15.

The provisional non-domestic multiplier will therefore be 48.2p in 2014-15.

In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the local government finance report for 2014-15 has been approved by the House of Commons or 1 March 2014, whichever is earlier.

Consultation - Business Rates Appeal Process

The Government has also published a consultation paper on reforms to the business rates appeal process. We share authorities' concerns about delays in dealing with appeals and the financial uncertainty this brings under the rates retention scheme.

The Valuation Office Agency have reduced the number of outstanding appeals in 8 successive quarter to less than 170,000 and the Government has committed to clear 95% of those currently outstanding appeals by July 2015. Additionally, the proposals in the consultation paper will:

- Improve transparency in the valuation process to give improved confidence in rateable values,
- Bring business rates into line with other systems by requiring ratepayers to provide with their challenge an explanation of why they think the rateable value is wrong,
- Separate the "proposal" stage in the Valuation Office Agency from the "appeal" stage in the Valuation Tribunal.

We believe these proposals will allow well founded challenges to be resolved faster bringing greater financial certainty for local government. The deadline for responses is **3 March 2014**.

Please see link below to Appeals consultation document.

<https://www.gov.uk/government/consultations/checking-and-challenging-your-rateable-value>