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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 (8/2011) 2012/13 Provisional Multipliers and Additional Information

This is the eighth 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:

- **2012-13 Provisional Multipliers**
- **The Non-Domestic Rating Contributions (England) (Amendment) Regulations 2011**
- **National Non-Domestic Rates Form 2**
- **The Local Retention of Business Rates Consultation**
- **New Burden Payments: Temporary increase in Small Business Rate Relief until 30 September 2012**

The Provisional Multipliers for 2012-13

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

2. The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2012-13 is based on the 2011-12 multiplier adjusted for RPI inflation for September 2011 (5.6%)

3. This provides a provisional small business non-domestic multiplier for 2012-13 of **45.0p**.
4. Schedule 7 of 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.
5. The Secretary of State has estimated that the supplement to fund small business rate relief should be at **0.8p** for 2012-13.
6. The provisional non-domestic multiplier will therefore be **45.8p** in 2012-13.
7. The additional costs arising from the temporary increase in the small business rate relief scheme are being met by central Government. There is therefore no adjustment to the multiplier to reflect the extension of the relief.
8. In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the local government finance report for 2012-13 has been approved by Parliament or ¹ March 2012.

The Non-Domestic Rating Contributions (England) (Amendment) Regulations 2011/ 2993

9. On the 15 December 2011 the Non-Domestic Rating Contributions (England) (Amendment) Regulations 2011 (SI Number 2993) were laid before Parliament and will come into force on 31 December 2011.
10. The regulations contain the usual annual amendments and also, following the enactment of section 69 of the Localism Act 2011 changes to ensure that central Government continues to part fund discretionary reliefs in the forthcoming year in the same circumstances and to the same degree as in previous years.
11. The regulations are available at:
<http://www.legislation.gov.uk/ukxi/2011/2993/contents/made>.
12. Please note that we intend to make further amendments to the Contributions Regulations in time for the forthcoming year to specifically ensure that billing authorities do not have to contribute the costs of providing discounts in new enterprise zones.

National Non-Domestic Rates Form 2

13. You are reminded that now is an ideal time to reassess your authority's contribution to the national non-domestic rates pool following the adjustment to the rules governing small business rate relief that came into force from 1 October 2011.
14. If you find that your contribution to the pool is expected to be lower than anticipated on your NNDR1 form then you are encouraged to submit an NNDR2 form as soon as possible.

15. The form, plus the guidance notes can be found on the Department for Communities and Local Government website at:

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/usefulinformation/formst timetable/otherforms/>.

16. The usual rules on the thresholds under which an NNDR2 form is able to be submitted have been suspended for the period 1 October 2011 until the end of that financial year. Local authorities will therefore be able to submit one NNDR2 in the period to 31 December 2011 and one between 1 January 2012 and the end of the financial year, irrespective of the amount of change in the contribution to the pool.

The Local Government Resource Review: Proposals for Business Rates Retention Consultation

17. The consultation on the Government's proposals to allow the local retention of business rates closed on 24 October. Following consideration of all the responses received, the Government published its response to the consultation on 19 December. A copy of the document setting out the Government's response, together with a separate publication providing a summary of the responses received, is available to download at:

<http://www.communities.gov.uk/corporate/publications/all/>.

On the same day, the Government introduced in the House of Commons the Local Government Finance Bill which, subject to Parliamentary approval, will make provision for the structure of the business rates retention scheme. The Local Government Finance Bill is available at:

<http://services.parliament.uk/bills/2010-11/localgovernmentfinance/documents.html>.

New Burden Payments: Temporary increase in Small Business Rate Relief until 30 September 2012

18. The 23 March 2011 Budget announced a one year extension to the temporary increase in Small Business Rate Relief, until 30 September 2012 (a further 6 month extension until 31 March 2013 was announced in the 29 November Autumn Statement).

19. We would like to thank billing authorities for delivering the extra relief promptly to ratepayers.

20. The Government committed to fully fund the additional net costs of the scheme to local government as a whole under the new burdens policy. These costs are being met by the Department for Business Innovation and Skills, who have now estimated them to total £1.37m. This Department is making the payments and we will write to billing authorities with details of individual allocations and make the necessary payments before Christmas.