



National non-domestic rates collected by local authorities in England 2013-14

- Local authorities reported their income from the non-domestic rates retention scheme in 2013-14 was £20.5 billion.
- Local authorities reported that they granted a total of £3.1 billion of business rates relief in respect of 2013-14.
- Of this, £2.4 billion (79%) was mandatory relief other than small business rate relief.
- Relief for charitable occupation amounted to £1,434 million, or 47% of the total relief granted in respect of 2013-14.
- They also applied £159 million of relief and collected £30 million of additional income as a result of transitional arrangements in 2013-14.
- £986 million of small business rate relief was granted in respect of 2013-14. Income from the supplement charged to fund the small business rate relief scheme was £447 million which meant the net cost of the small business rate relief scheme in 2013-14 was £539 million
- Local authorities reported they granted £106 million of discretionary relief in respect of 2013-14.

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Introduction

This release has been compiled by the Local Government Finance – Analysis & Data Division of Department for Communities and Local Government. It provides information on national non-domestic rates and associated information for the financial year 2013-14. This information has been derived from the new national non-domestic rates (NNDR3) returns introduced to reflect the introduction of the business rates retention scheme.

Data in this release are based on the final audited returns from all 326 billing authorities in England. (See **Section 5** below for more details)

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 for monitoring of the results of any policy or financial changes to non-domestic rates or reliefs.

The national figure for non-domestic rates for 2013-14 will 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 will also be used by the Office for Budget Responsibility (OBR) in the production of five-year forecasts for the economy and public finances which accompany the Chancellor's Budget Statement and his Autumn Statement.

The data are also used by local authorities and their associations. Data are made available at a local authority level and there are many requests for these data for comparisons between authorities.

Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant

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

1. Changes to the national non-domestic rates system

Following the introduction of the business rates retention scheme in 2013-14, local authorities are now able to retain a proportion of the business rates collected in their area. Further details can be

found in the *Definitions* section of this release. This release presents data relevant to the first year of operation of the new scheme in 2013-14.

2. National non-domestic rates collected by local authorities in England 2013-14

Table 1b gives details of the amount of national non-domestic rates local authorities collected in 2013-14, both in respect of 2013-14 and in respect of previous years. **Tables 1a & 2** show the amount of reliefs they granted. It does not include details of business rates collected by DCLG from ratepayers on the *central list*.

When calculating the non-domestic rates liability of a hereditament, one of two multipliers is used. The *small business multiplier* is used to calculate the rates liability for hereditaments that have a *rateable value* below £18,000 (£25,500 in London). For hereditaments with a rateable value greater than this, the *standard multiplier* is used to calculate their rates liability. These multipliers are shown in **Table 1b**. In 2013-14, the standard multiplier was 0.9p higher than small business multiplier.

The additional income from hereditaments whose rates liability has been calculated using the standard multiplier is used to fund the cost of the *Small Business Rate Relief scheme*. At the 2012 Autumn Statement, the Chancellor of the Exchequer announced that the amount of relief available to ratepayers under this scheme would be temporarily doubled for 2013-14. The loss of income for local authorities arising from this temporary change is compensated for by the Government. See **Section 4** below.

Table 1a gives details of transitional relief applied by billing authorities to national non-domestic rates bills in 2013-14. Transitional relief is used to phase in large increases to rates bills that can arise at a revaluation by limiting the annual increase in rates bill. The relief is funded by phasing in large reductions to rates bills. Further details can be found in the *Definitions* section of this release

- Local authorities reported that their outturn non-domestic rating income from the rates retention scheme in 2013-14 was £20.5 billion. This is the amount after making allowances for mandatory and discretionary reliefs, allowances for losses in collection, provision for appeals, the cost of collection and amounts retained outside the rates retention scheme e.g. growth in income in enterprise zones.
- Local authorities reported that they granted a total of £3.1 billion of business rates relief in respect of 2013-14.
- Of this, £2.4 billion (79%) was mandatory relief other than small business rate relief .
- They also applied £159 million of relief and collected £30 million of additional income as a result of transitional arrangements in 2013-14.

- Local authorities reported they granted £106 million of discretionary relief in respect of 2013-14.

Table 1a National non-domestic rates collected by local authorities 2013-14

	£ million	
	IROPY ^(a)	2013-14
Reliefs granted		
Net cost of Small Business Rate Relief	52	539
Other Mandatory relief	14	2,438
Discretionary relief	1	106
Total cost of reliefs	67	3,083
Transitional arrangements		
Additional income received due to Transitional Arrangements	68	30
Revenue forgone due to Transitional Arrangements	-96	159
Net cost of transitional arrangements	-164	128
Total cost of reliefs & transitional arrangements	-97	3,211

Table 1b National non-domestic rates collected by local authorities 2013-14

	£ million
	2013-14
Net rates payable after reliefs and transitional arrangements	22,685
<i>less</i>	
Amounts written off and changes in allowances for non-collection	264
Change in provision for In-Year and Backdated appeal costs	1,745
Collectable rates	20,677
Total disregarded amounts ^(b)	4
<u>Calculation of non-domestic rating income</u>	
Cost of transitional protection payments made to authorities	92
Cost of transitional protection payments received from authorities	125
Allowance for Cost of Collection and legal costs	84
Special Authority deductions (City of London only)	11
Amounts retained in respect of Enterprise Zones	3
Amounts retained in respect of New Development Deal areas	1
Amounts retained in respect of Renewable Energy schemes	4
Total non-domestic rating income to be shared by central and local government	20,541
Small business rate multiplier(pence)	47.1
Standard non-domestic rates multiplier (pence)	48.2
Number of hereditaments on rating list as at 30 Sept 2013 ('000s)	1,787
Aggregate rateable value on rating list as at 30 Sept 2013	57,069

Source : NNDR3 forms

(a) IROPY - in respect of previous years

(b) Growth in business rates income in Enterprise Zones and New Development Deal areas

3. National non-domestic rate reliefs granted by local authorities 2013-14

Table 2 shows a breakdown of figures for mandatory and discretionary reliefs applied to national non-domestic rates bills by billing authorities, both in respect of 2013-14 and in respect of previous years. Mandatory reliefs must be granted by a billing authority to a ratepayer that meets the criteria, whereas discretionary reliefs are granted at a billing authority's discretion.

- Local authorities reported that they granted a total of £3.1 billion of business rates relief in respect of 2013-14. Of this, relief for charitable occupation amounted to £1,434 million, or 47% of the total relief granted in respect of 2013-14.
- £986 million of small business rate relief was granted in respect of 2013-14.
- Income from the supplement charged to fund the small business rate relief scheme was £447 million.
- The net cost of the small business rate relief scheme in 2013-14 was £539 million.

Table 2 National non-domestic rates reliefs granted by local authorities 2013-14

	IROPY ^(a)	£ million 2013-14
Mandatory reliefs		
Small Business Rate Relief		
Amount of relief granted	48	986
Additional yield generated from the small business supplement	-4	447
Net cost of small business rate relief in 2013-14	52	539
Other Mandatory reliefs		
Charitable occupation	5	1,391
Community Amateur Sports Clubs (CASCs)	0	18
Rural rate relief	0	6
Partially occupied hereditaments	14	34
Empty premises	-6	988
Total other mandatory reliefs granted in 2013-14	14	2,438
Discretionary reliefs		
Charitable occupation	0	43
Non-profit making bodies	0	35
Community Amateur Sports Clubs (CASCs)	0	1
Rural shops	0	3
Small rural businesses	0	2
Relief to other ratepayers under s47	1	8
Relief given to Case A hereditaments	-	5
Relief given to Case B hereditaments	-	2
"New Empty" properties	-	1
Flooding relief	-	3
Hardship relief	-	3
Total discretionary relief granted in 2013-14	1	106
Total relief granted in 2013-14	67	3,083

Source : NNDR3 forms

(a) IROPY - in respect of previous years

4. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England*. This is accessible at

<https://www.gov.uk/government/collections/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 the occupation of a non-domestic property in England (and Scotland and Wales), based on the notional annual rent of a property known as the **Rateable Value**, also called **National non-domestic rates**.

Business rates retention - From April 2013, the Government 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) can now retain half of any business rates collected by billing authorities.

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 and redistributed as part of the business rates retention scheme.

Central share – the amount of business rates that are redistributed by central government as either Revenue Support Grant (RSG) or specific grants.

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.

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 local discounts awarded under Section 47 of the Local Government Finance Act 1988

Enterprise Zones – specific areas where a combination of financial incentives and reduced planning restrictions will apply. 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 Local Economic 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 are 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.

From October 2013, the Government introduced a temporary measure for unoccupied new builds which are now 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, and a proportion is retained as part of the Rates Retention scheme.

Losses in appeals – Following a revaluation, the last of which was in 2010, the owners of hereditaments can appeal against the rateable value placed on their property. This figure is the local authorities’ estimates of the amount of non-domestic rates that they will have to repay to rate payers following 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

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. 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 - £120m of funding available over six years (£15m in both 2013-14 and 2014-15) to finance additional infrastructure. In NDD areas authorities are entitled to retain all business rates growth for a period of 25 years.

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** multiplied by the multiplier. This may be adjusted by any **transitional, 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 – From 1 April 2013, local authorities are allowed to retain up to 100% of business rates from new renewable energy projects.

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. However the next revaluation has been postponed until 2017 to provide greater stability for businesses and to encourage economic growth. Five yearly revaluations will continue from 2017.

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 or a sole petrol filling station or pub with a maximum RV of £12,500.

Section 31 (S31) grants – This refers to Section 31 of the Local Government Finance Act 2003 which makes it possible for government to pay local authorities grants towards their activities which are not covered by existing payment schedules or methods.

Section 47 (S47) – This refers to Section 47 of the Local Government Finance Act 1988 which has been recently been amended to allow authorities greater scope to award locally funded discretionary discounts.

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 whose rates bill has been calculated using the standard multiplier.

An important change to the level of relief granted was announced at the 2010 Autumn Statement, 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.

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 normally reflects the change in the Retail Price Index in September of the previous year.

Standard Multiplier - the figure used to calculate the non-domestic rates bill for hereditaments with a rateable value greater than £18,000 (or £25,500 in London). The rateable value multiplied by the multiplier equals the notional rates liability. This figure is set annually by the Government and reflects the change in the Retail Price Index in September to the previous year (See **Small Business Multiplier**). The standard multiplier includes a supplement which funds the small business rate relief scheme. The multiplier for 2013-14 was 47.1p (i.e. 46.2p + 0.9p).

Transitional Relief – The rateable value of properties are normally reassessed every five years (see **Revaluation** above). Transitional arrangements moderate significant increases and decreases in bills by phasing these changes in over a number of years. The transitional scheme is designed to be revenue neutral over the life of the scheme.

5. Technical Notes

Survey design for collecting NNDR3 data for 2013-14

During May and June 2014, all 326 billing authorities in England were required to complete the NNDR3 form to show their outturn figures for national non-domestic rates that they collected in 2013-14.

Provisional NNDR3 forms were originally submitted by all 326 billing authorities in England between June and September 2014. These forms were submitted prior to being passed to the authority's auditors for certification. They were signed by the Chief Financial Officer to confirm that the form had been completed in accordance with schedule 7B of the Local Government Finance Act 1988 and the regulations made under it.

Between September and November, authorities submitted certified copies of their NNDR3 form, again signed by their Chief Financial Officer. This time, authorities were confirming that the amounts shown on the form were not only in accordance with schedule 7B of the Local Government Finance Act 1988 and the regulations made under it, but were also consistent with the amounts shown for non-domestic rates in their audited Statement of Accounts.

Data quality

This Statistical Release contains Official Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. Official Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information in this release is based on data returned to the Department for Communities and Local Government by billing authorities in England on the National non-domestic rates (NNDR3) forms. The data collected are used to calculate the amount each local authority collected in national non-domestic rates in 2013-14. The data will be used to calculating the entitlement that individual local authorities might have to safety net payments, as well as the levy payments they are required to make. 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 effectively ensures a 100% response rate before the release is compiled.

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 by Department for Communities and Local Government as the data are received and stored. These include:

i) **In form validation:** This refers to warnings that are built into the Excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the

majority of cases this means that the forms are returned completed and without any major validation queries.

ii) **CLASS (Computerised Local Authority Statistics System) validation:** Once the figures have been received by DCLG, they are input into the CLASS database. Further validation checks are carried out which returns a list of errors and warnings for unexpected figures which team members look through and contact an authority about if necessary.

iii) **Manual (or analytical) validation:** These are extra checks done manually by the teams to double check the figures they receive. During this process the teams also liaise with relevant policy section to clarify and rectify any anomalies.

iv) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series.

Background notes

This Statistical Release can be found at the following web address:

<https://www.gov.uk/government/collections/council-taxbase-statistics>

Timings of future releases are regularly published on the Gov.UK website at

<https://www.gov.uk/government/statistics/announcements>

For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England*, which is available from the Gov.UK website:

<https://www.gov.uk/government/collections/local-government-finance-statistics-england>

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here:

<https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Devolved administration statistics

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>

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Information on Official Statistics is available via the UK Statistics Authority website:
<https://www.gov.uk/government/statistics/announcements>

Information about statistics at DCLG is available via the Department's website:
www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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