



# National non-domestic rates to be collected by local authorities in England 2020 - 21

On 22 April data was published on the additional reliefs announced in January and in March as part of the Covid-19 support package to businesses. The table was updated on 6 May to reflect updates to some provisional and missing data. This information was collected from local authorities through a separate data collection exercise in March / April.

This statistical release and all other tables continue to reflect the position as at 31 January. We are reviewing how the additional reliefs should be incorporated into the 2020-21 headline figures.

- Local authorities estimate the non-domestic rating income for 2020-21 will be £25.6 billion, an increase of £649 million, or 2.6%, on the figure for 2019-20. This is what authorities estimate they will collect after all reliefs, accounting adjustments and sums retained outside the rates retention scheme are taken into consideration.
- Local authorities report they will grant a total of £5.1 billion of relief from business rates in 2020-21. Of this £1.4 billion is the net cost of small business rate relief, £3.0 billion is the cost of other mandatory relief and £637 million is the cost discretionary relief.
- The £1.4 billion small business rate relief cost is a net figure. Authorities estimate they will grant £2.0 billion relief under the Small Business Rate relief scheme, but this offset by other businesses contributing £637 million in the form of a supplement to cover some of the cost of this relief.
- Total relief provided to charitable occupations (that is both mandatory and discretionary relief) is expected to amount to £2.1 billion in respect of 2020-21, and these reliefs account for 41% of the total relief to be granted.

Revision note (4 March): Table 3 and accompanying local authority level tables have been revised to correct the calculation of S31 grant for 11 billing authorities and for updated data received by one other authority.

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**Date of next publication:**

February 2021

# Introduction

This release has been compiled by the Ministry of Housing, Communities and Local Government (MHCLG) and it provides information on national non-domestic rates and associated information for the financial year 2020-21 and comparisons with 2019-20. This information is derived from the national non-domestic rates (NNDR1) returns submitted by all 314 billing authorities in England that will be in existence from 1 April 2020.

Non-domestic rates, or business rates, are collected by billing authorities and are the way in which those that occupy a non-domestic property (or hereditament) contribute towards local services. Since 2013-14 local authorities are allowed to retain a proportion of the revenue that is generated in their area. The NNDR1 form collects data that estimates what authorities will collect and the out-turn data (collected on the NNDR3) is what was collected.

Apart from properties that are exempt from business rates, such as agricultural land, parks and places of worship, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA). Billing authorities work out the business rates liability for every hereditament by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers, the non-domestic multiplier and the small business non-domestic rate multiplier. The former is higher because it includes a supplement which is used to fund the Small Business Rate Relief scheme, which is designed to help small businesses meet the cost of their business rates.

The Government sets the multipliers for each financial year for England according to formulae set by legislation. Previously, the multipliers increased in line with the Retail Price Index (RPI) in September of the preceding year however in 2014-15 and 2015-16 the Government capped the increase in the multiplier at 2% to provide business rate payers with additional support, and this has had a knock on effect in subsequent years which authorities are being compensated for through a Section 31 grant. In the Autumn 2017 Budget, Government announced that the multipliers would increase in line with the Consumer Price Index (CPI) in September of the preceding year from 2018-19. This change is also being compensated for through a Section 31 grant.

In addition to the Small Business Rate Relief scheme, rateable properties may also be eligible for other discounts or reliefs on their business rates bills. Some of these are mandatory i.e. they are automatic entitlements in any billing authority area, and some are discretionary relief which are granted at a billing authority's discretion. New reliefs have been introduced since the start of this series, and some of these reliefs are time limited, as a result changes across years are not strictly comparable. Further information about the types of reliefs available are presented in **Table 2**.

Further details about the business rates retention scheme and an explanation of hereditaments can be found in the *Definitions* section of this release.

## Special factors since 2017-18

### Revaluation and transitional relief

Every few years, the government adjusts the rateable value of business properties to reflect changes in the property market. This is known as a revaluation. At revaluation, the Government also revises the non-domestic and small business non-domestic multipliers to reflect the aggregate change in rateable values. The latest revaluation came into effect on the 1 April 2017 and reflected the rental market as at 1 April 2015. The tables therefore show a discontinuity between 2016-17 and 2017-18 to reflect the revaluation.

At a Revaluation, the Government also puts in place a transitional scheme that protect small and medium business ratepayers from significant step-changes in bills, by phasing-in increases over a number of years. The net transitional arrangements shown in Table 1 reflects the difference between revenue foregone and additional revenue collected, because the rates bills of ratepayers are being phased up or down as a result of the transitional scheme.

### Small business rates relief

In the 2016 Budget, Government announced a permanent doubling of small business rates relief and there have been changes to the thresholds, meaning that 100% relief will be given to all businesses that have a rateable value of below £12,000, and tapering of the relief for businesses with a rateable value between £12,000 and £15,000. This was previously a temporary doubling that required an extension each year. The threshold at which a higher multiplier is applied has been increased from £18,000 (or £25,500 in Greater London) to £51,000.

### Multipliers

In the Autumn 2017 Budget, Government announced that the multipliers would increase in line with the Consumer Price Index rather than the Retail Price Index. Further details of the national multiplier and small business rate multiplier and the new reliefs can be found in the *Definitions* section of this release

## Special factors affecting 2020-21

As there was no Autumn Budget 2019, no additional reliefs were announced before the NNDR1 form was issued. However, on the 27 January 2020, the Government announced via a Written Ministerial Statement a change to the retail discount to increase the relief from 33% to 50% and to extend the eligibility of the relief to include music venues and cinemas. The statement also announced an extension of the local newspaper relief that had been due to end on the 31 March 2020 and a new discount for pubs. These reliefs were announced too late for this NNDR1 collection, although some authorities have forecast costs based on the 50% retail discount. A separate collection of this data will take place and the data from this will be published as a separate table in due course.

# 1. National non-domestic rates to be collected by local authorities in England 2020-21

**Table 1** gives details of the amount of national non-domestic rates local authorities estimate they will collect in 2020-21 and the reliefs they will grant. The multipliers used are also shown. The national non-domestic multiplier for 2020-21 includes a 1.3p supplement to fund the Small Business Rate Relief scheme.

- Local authorities estimate the non-domestic rating income for 2020-21 will be £25.6 billion, an increase of £649 million, or 2.6%, on the figure for 2019-20. This is what authorities estimate they will collect after all reliefs, accounting adjustments and sums retained outside the rates retention scheme are taken into consideration.
- Local authorities report they will grant a total of £5.1 billion of relief from business rates in 2020-21. Of this £1.4 billion is the net cost of small business rate relief, £3.0 billion is the cost of other mandatory relief and £637 million is the cost of discretionary relief.

## Appeals

As part of the NNDR1 process authorities are required to make an estimate of how much income they will forego as a result of changes to rating lists, including appeals by businesses against their valuations. This includes both income not collected in year and also refunds they have to make in respect of previous years.

The figure for 2020-21 represents authorities' best estimate of the total future loss of non-domestic rates on the 2017 Rating list.

- Local authority estimates of the addition to the appeals provision is £927 million in 2020-21. This is £127m less than the 2019-20 forecast.

Table 1 National non-domestic rates to be collected by local authorities 2016-17 to 2020-21

	Outturn			Forecast		Change between 2019-20 and 2020-21	
	2016-17	2017-18 <sup>(e)</sup>	2018-19	2019-20	2020-21	£ million	%
<b>Gross rates payable in year</b>	<b>27,215</b>	<b>28,492</b>	<b>29,957</b>	<b>31,432</b>	<b>32,128</b>		
Net cost of Small Business Rate relief	584	1,062	1,258	1,241	1,379		
Other mandatory relief	2,655	2,782	2,995	2,987	3,046		
Discretionary relief <sup>(a)</sup>	143	306	229	671	637		
<b>Total cost of reliefs</b>	<b>3,382</b>	<b>4,150</b>	<b>4,483</b>	<b>4,898</b>	<b>5,062</b>	<b>164</b>	<b>3.3%</b>
<b>Gross Rates Payable in year less total cost of reliefs</b>	<b>23,833</b>	<b>24,342</b>	<b>25,474</b>	<b>26,533</b>	<b>27,066</b>	<b>533</b>	<b>2.0%</b>
Net cost of transitional arrangement	109	9	-5	28	50		
<b>Net Rates Yield (Gross Rates Payable plus net cost of Transition)</b>	<b>23,942</b>	<b>24,351</b>	<b>25,470</b>	<b>26,562</b>	<b>27,116</b>		
<b>Accounting adjustments</b>							
Losses in collection <sup>(b)</sup>	235	209	181	288	266		
Net addition to appeals provision	-164	171	114	1,053	927		
Interest payable	1	0	0	-	-		
Deferrals	-	-	-	-	-		
<b>Total cost of accounting adjustments</b>	<b>72</b>	<b>380</b>	<b>295</b>	<b>1,342</b>	<b>1,193</b>		
<b>Other deductions from collectable rates<sup>(c)</sup></b>	<b>204</b>	<b>104</b>	<b>91</b>	<b>124</b>	<b>146</b>		
<b>Disregarded Amounts</b>							
Amounts retained in respect of Designated Areas	29	40	52	62	88		
Amounts retained in respect of Renewable Energy schemes	51	61	65	67	73		
Amounts retained in respect of Shale Gas	-	-	0	0	0		
<b>Total Disregarded Amounts</b>	<b>80</b>	<b>101</b>	<b>117</b>	<b>129</b>	<b>161</b>		
<b>Non-domestic rating income from rates retention scheme (Net Rates Yield less Accounting adjustments, Other deductions &amp; Disregarded amounts)</b>	<b>23,585</b>	<b>23,765</b>	<b>24,966</b>	<b>24,967</b>	<b>25,616</b>	<b>649</b>	<b>2.6%</b>
	<b>2016-17</b>	<b>2017-18<sup>(e)</sup></b>	<b>2018-19<sup>(f)</sup></b>	<b>2019-20<sup>(g)</sup></b>	<b>2020-21<sup>(h)</sup></b>		
Small business rate multiplier (pence)	48.4	46.6	48.0	49.1	49.9		
National non-domestic rates multiplier (pence)	49.7	47.9	49.3	50.4	51.2		
Number of hereditaments on rating list as at 30 Sept ('000s) <sup>(d)</sup>	1,831	1,856	1,882	1,942	1,976		
Total aggregate rateable value of all hereditaments on rating list as at 30 Sept (£ million) <sup>(c)</sup>	57,289	63,212	63,213	63,637	64,045		
Source: Outturn data are taken from auditor confirmed NDR3 forms, forecast data are taken from NDR1 forms							
(a) This does not reflect the change to the retail discount, or include pub discount and local newspaper relief, that were announced on 27 January 2020. A small number of authorities have reported their retail discount based on the new level of relief.							
(b) Losses in collection - write offs are not included in the Total cost of Accounting Adjustments							
(c) Other deductions from collectable rates includes an allowance for cost of collection & legal costs, a special authority deduction for the City of London, and the net cost of transitional protection payments made to authorities to reverse the effects of transitional arrangements							
(d) Data taken from VOA local list as at 30 September of the previous year e.g. 2016-17 data taken as at 30 September 2015 except for the years noted in (f)-(h) below							
(e) Revaluation comes into effect 1st April 2017							
(f) 2018-19 VOA Data as at 1 April 2017							
(g) 2019-20 VOA Data as at 3 October 2018							
(h) 2020-21 VOA Data as at 3 October 2019							

## 2. Reliefs to be granted by local authorities in 2020-21

**Table 2** shows figures for mandatory and discretionary reliefs billing authorities expect they will grant in 2020-21. Mandatory reliefs are automatic entitlements in any billing authority area whereas discretionary reliefs are granted at a billing authority's discretion.

- Of the estimated £5.1 billion relief to be granted from business rates, £3.0 billion is mandatory relief excluding small business rate relief.
- Authorities estimate they will grant £2.0 billion relief under the Small Business Rate relief scheme for 2020-21, whilst receipts from the supplement paid by some businesses to fund the Small Business Rate relief scheme in 2020-21 are expected to be £637 million. This gives a net cost of the scheme of nearly £1.4 billion.
- Local authorities expect to grant a total of £637 million discretionary relief in 2020-21. This is lower than the figure of £671 million in 2019-20.
- Total relief provided to charitable occupations (that is both mandatory and discretionary relief) is expected to amount to £2.1 billion in respect of 2020-21, and these reliefs account for 41% of the total relief to be granted.
- Authorities estimate the amount of relief to be granted to empty premises in 2020-21 will be £874 million.

Table 2 : Cost of reliefs from national non-domestic rates : 2016-17 to 2020-21

	Outturn			Forecast		Change between 2019-20 and 2020-21	
	2016-17	2017-18 <sup>(a)</sup>	2018-19	2019-20	2020-21	£ million	%
<b>MANDATORY RELIEFS</b>							
<b>Small Business Rate Relief</b>							
<b>In respect of current year</b>							
Relief provided in year	1,165	1,670	1,820	1,875	2,016		
of which: relief on existing properties where a 2nd property is occupied	3	4	4	3	3		
Additional yield generated from the small business supplement	651	621	631	634	637		
Net cost of small business rate relief in respect of current year	514	1,049	1,190	1,241	1,379		
Net cost of small business rate relief in respect of previous years	69	13	68	-	-		
<b>Net cost of small business rate relief</b>	<b>584</b>	<b>   1,062</b>	<b>1,258</b>	<b>1,241</b>	<b>1,379</b>	<b>138</b>	<b>11.1%</b>
<b>Other Mandatory reliefs</b>							
<b>In respect of current year</b>							
Charitable occupation	1,616	1,825	1,933	1,967	2,036		
Community Amateur Sports Clubs (CASCs)	19	19	20	20	21		
Rural rate relief	6	4	4	4	4		
Telecomms <sup>(b)(c)</sup>	-	-	0	1	0		
Partially occupied hereditaments	28	24	24	26	20		
Empty premises	950	916	996	880	874		
Total other mandatory relief in respect of current year	2,619	2,789	2,789	2,898	2,956		
Other mandatory relief in respect of previous years	36	-6	18	-	-		
Changes as a result of local estimates of growth or decline in mandatory relief	-	-	-	89	91		
<b>Total cost of other mandatory relief</b>	<b>2,655</b>	<b>   2,782</b>	<b>2,782</b>	<b>2,987</b>	<b>3,046</b>	<b>59</b>	<b>2.0%</b>
<b>Total cost of mandatory relief</b>	<b>3,239</b>	<b>   3,844</b>	<b>4,253</b>	<b>4,228</b>	<b>4,425</b>	<b>197</b>	<b>4.7%</b>
<b>DISCRETIONARY RELIEFS</b>							
<b>In respect of current year</b>							
Charitable occupation	44	44	47	49	49		
Non-profit making bodies	41	37	38	37	36		
Community Amateur Sports Clubs (CASCs)	1	1	1	1	1		
Rural rate relief <sup>(c)</sup>	3	1	0	0	0		
Small rural businesses	2	1	1	1	1		
Other relief awarded under s47	17	18	21	23	23		
Hardship relief	2	2	2	-	-		
Total discretionary relief in respect of current year	109	103	110	111	110		
Discretionary relief in respect of previous years	7	2	5	-	-		
<b>Discretionary reliefs funded through Section 31 grants</b>							
"New Empty" properties	7	4	-	-	-		
"Long term empty" properties	10	1	-	-	-		
Retail relief	0	-	-	-	-		
Flooding relief	2	0	0	-	-		
Rural rate relief	-	4	4	4	4		
Local newspaper temporary relief <sup>(d)</sup>	-	0	-	0	-		
In lieu of Transitional relief	2	-	-	-	-		
Supporting small businesses	-	17	14	17	15		
Discretionary Scheme (LA Framework)	-	155	77	33	5		
Pub relief <sup>(d)</sup>	-	18	17	-	-		
Retail discount relief <sup>(d)</sup>	-	-	-	502	495		
Total cost of discretionary reliefs funded through S31 grant	21	200	113	557	519		
Discretionary relief funded through S31 grants in respect of previous years	6	1	1	-	-		
Changes as a result of local estimates of growth or decline in discretionary relief	-	-	-	2	8		
<b>Total cost of discretionary relief</b>	<b>143</b>	<b>   306</b>	<b>229</b>	<b>671</b>	<b>637</b>		
<b>TOTAL COST OF ALL RELIEFS</b>	<b>3,382</b>	<b>   4,150</b>	<b>4,483</b>	<b>4,898</b>	<b>5,062</b>	<b>164</b>	<b>3.3%</b>

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms

(a) Revaluation comes into effect 1st April 2017

(b) Telecomms relief was reported as a discretionary relief funded through section 31 grant in 2019-20. However this relief is mandatory, but currently funded through a section 31 grant.

(c) Value below £0.5 million

(d) This does not reflect the change to the retail discount, or include pub discount and local newspaper relief, that were announced on 27 January 2020.

A small number of authorities have reported their retail discount based on the new level of relief.

Data on the cost of these reliefs will be collected separately and for 2020-21 will be published as a separate table.

### 3. Reliefs to be funded by Section 31 grants

Since 2013-14, a number of measures have been announced by the Chancellor in Autumn Statements and Budgets which have made changes to the national non-domestic rates scheme. Central government compensates local authorities for these changes and this compensation is made outside of the rate retention scheme by means of a Section 31 (S31) grant. The grants are given to local authorities to fund activities which are not covered by existing payment schedules or methods. More information about these measures can be found in the *Definitions* section of this release.

The amounts shown in **Table 3** are the Section 31 grant to be paid to local authorities to compensate them for the loss of income arising from the measures listed below. They differ from the amounts shown in **Table 2** which show the total amount of relief to be granted to business ratepayers under each of the measures as they exclude the central government share of the reliefs.

Since 2017-18, some authorities have been able to retain more than a 50% share of the income, and therefore will be compensated for more of the relief. Additionally, single year rate retention pilots took place in 2018-19 and 2019-20, where different authorities and different percentage shares were involved. Therefore, year-on-year changes in each measure are not directly comparable.

**Table 3** shows the Section 31 grants paid to local authorities from 2016-17 to 2018-19 and what authorities expect to be paid in 2019-20 and 2020-21 for the following measures:

- a) the cap on the increase in the small business multiplier to 2% in 2014-15 and 2015-16 and the change from RPI and CPI from 2018-19;
- b) the doubling of Small Business Rate Relief and changes in thresholds;
- c) ratepayers continuing to receive their Small Business Rate relief for 12 months when they take on an additional property which would normally disqualify them from receiving the relief;
- d) empty new build properties (that were completed between 1 October 2013 and 30 September 2016) were exempt from empty property rates for 18 months. This relief is no longer available;
- e) 50 per cent business rates relief for 18 months for businesses that - between 1 April 2014 and 31 March 2016 - moved into retail premises that had been empty for a year or more. This relief is no longer available;
- f) a discount of £1,000 for shops, pubs and restaurants with a rateable value of £50,000 or less for two years, from 1 April 2014. This relief was changed to £1,500 for 2015-16. This relief was temporary and is no longer available;
- g) compensation for the cost of discounts given to eligible businesses as a result of the floods that occurred during December 2013 to March 2014;



- h) the doubling of rural rate relief with effect from 1 April 2017;
- i) a discount of £1,500 on office space occupied by local newspapers for two years from 1 April 2017. This was due to end at the end of 2019-20 (see special factors for 2020-21);
- j) transitional relief compensation to be paid in 2016-17. This is in lieu of relief authorities expect to grant businesses to compensate for the transitional relief they would have received, had the transitional arrangements not ended;
- k) supporting small businesses relief was made available to those ratepayers losing small business or rural rate relief due to the revaluation for five years from 1 April 2017 to 31 March 2022;
- l) discretionary scheme relief is administered by billing authorities, for four years from 1 April 2017 to 31 March 2021, to be applied according to their own framework;
- m) pub relief is a scheme that allows up to £1,000 relief to be administered to pubs. This was introduced from 1 April 2017 and ended on 31 March 2019 (see special factors for 2020-21);
- n) any pilot authority that would have been entitled to compensation for reliefs given in Enterprise Zones will no longer be able to make a deduction from the central share for the sums due;
- o) additional growth in Tees Valley growth pilot area was funded as a Section 31 grant in 2017-18 only, and has since been included in their amount to be funded through the central share;
- p) telecomms relief will apply retrospectively from 1 April 2017 and will run for 5 years. It will be administered by Valuation Office Agency (VOA) who will notify authorities of rateable value for any new eligible telecomm fibre;
- q) retail discount relief is a new scheme which allows a third off bills for occupied eligible retail hereditaments with rateable values under £51,000. This relief comes into effect from 1 April 2019 and is due to run until 31 March 2021 (see special factors for 2020-21).

**Table 3 : National non-domestic rates measures funded by Section 31 grants 2016-17 to 2020-21**

				£ million	
	2016-17 <sup>(g)</sup>	2017-18	2018-19	Forecast	
				2019-20	2020-21
a) Capping the increase in the small business rates multiplier	172	223	471	574	643
b) Cost of doubling SBRR and threshold changes <sup>(a)</sup>	306	773	1,065	974	926 (R)
c) Maintaining small business rates relief on "first" properties	2	3	4	2	2
d) Relief to newly built properties	4	3	0	-	-
e) Relief awarded on the occupation of "long-term empty" properties	6	2	0	-	-
f) Retail relief <sup>(b)</sup>	1	-1	0	-	-
g) Flooding relief <sup>(c)</sup>	1	0	0	-	-
h) Rural rate relief	-	2	3	3	2
i) Local newspaper temporary relief <sup>(d)(e)</sup>	-	0	0	0	-
j) In lieu of Transitional Relief	1	0	0	-	-
k) Supporting Small Businesses Relief	-	10	12	13	10
l) Discretionary Scheme Relief	-	97	68	24	3
m) Pub Relief <sup>(e)</sup>	-	11	13	-	-
n) Enterprise Zone qualifying relief in 100% pilot areas	-	4	11	5	5
o) Additional Growth in Growth Pilot Areas (Tees Valley) <sup>(f)</sup>	-	1	-	-	-
p) Telecomms relief <sup>(d)</sup>	-	-	0	0	0
q) Retail Discount relief <sup>(e)</sup>	-	-	-	357	313
<b>Total amount of reliefs funded by Section 31 grants</b>	<b>493</b>	<b>1,128</b>	<b>1,645</b>	<b>1,952</b>	<b>1,904 (R)</b>

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms

(R) - revised

Note: Since 2017-18 some authorities have been able to retain more than a 50% share of income. The amount of share and authorities involved have change from year to year, and so annual figures are not directly comparable.

(a) Doubling was temporary between 2014-15 to 2016-17.

(b) The level of retail relief was changed from £1,000 per qualifying property in 2014-15 to £1,500 per qualifying property in 2015-16. It is not available from 2016-17 onward.

(c) No estimate of relief to be granted was made in 2016-17 or 2017-18, it is paid "after the event"

(d) Value below £0.5 million

(e) This does not reflect the change to the retail discount, or include pub discount and local newspaper relief, that were announced on 27 January 2020. A small number of authorities have reported their retail discount based on the new level of relief.

(f) Additional Growth in Growth Pilot Areas was funded through a Section 31 grant only in 2017-18. In subsequent years, it has been accounted within their central share.

(g) After 2016-17 there are annual discontinuities in the S31 payment amounts due to changes in calculations for small business rates (threshold methodology) and the multiplier cap change (based on CPI rather than RPI).

## 4. Definitions

A list of terms relating to local government finance is given in the glossary 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 non-domestic property in England (and Scotland and Wales), based on the notional annual rent for a property on the open market, known as the **Rateable Value**. Also called **National non-domestic rates**.

**Business rates retention scheme** – This commenced in 2013 and local authorities in England now receive a share of the business rates they collect in their local area. The scheme requires all billing authorities to submit two forms to the department: a forecast of the business rates they expect to collect in a given financial year in the January preceding it (NNDR1); and the actual business rates that they collected during the financial year in the September following it (NNDR3). The data from these forms is used to inform payments between central and local government.

**Central share payments** - under the business rates retention scheme, local authorities retain 50% of the business rates they collect (unless they took part in a pilot or are 100% business rates retention authority). The remaining 50% is passed to central government as the *central share*. Billing authorities will make their central share payments to central government over the course of the financial year.

**Charity relief** - a relief within the business rates system that can be granted registered charities.

**Community Amateur Sports Clubs (CASC) relief** - a relief within the business rates system that can be granted to community and amateur sports clubs.

**Designated areas** – specific areas where growth in business rates is retained by the authority outside of the rates retention system. They consist of

- **New Development Deal** areas where funding has been made available over six years to finance additional infrastructure. Authorities are entitled to retain all business rates growth in NDD areas for a period of 25 years; and
- **Enterprise Zones** which benefit from:
  - a business rate discount for a five year period up to state aid *de minimis* levels;
  - all business rates growth above a baseline defined in legislation 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;

**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

**Discretionary scheme relief** – In the Spring 2017 Budget, the Government announced that a new scheme of relief to be administered by billing authorities for four years to 2020-21, to be applied according to their own framework

**Empty new-builds rate relief** (“New Empty”) – this scheme was introduced from 1 October 2013 to reimburse authorities for any discretionary relief they awarded to qualifying ratepayers who occupy empty new-build hereditaments. The relief was available for up to 18 months. This relief is no longer available.

**Empty Property Rates** - business rates charged on an unoccupied property – i.e. charge to the owner 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 that can be granted to the owner of an unoccupied property

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 can be granted empty property relief 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.

From April 2017 hereditaments with a rateable value under £2,900 get extended relief until they are occupied.

**Empty retail property relief** (“Long term empty”) - this scheme was introduced from 1 April 2014, to reimburse authorities for any discretionary relief they awarded to qualifying ratepayers who are new occupiers of retail property that had been empty for more than a year. The relief was granted at 50% and lasted for 18 months. This relief is no longer available.

**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 (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, such as a university campus or just one office in a block. There are over 1.9 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 business rates retention scheme.

**Losses in appeals** –the owner/occupier of a hereditament will often appeal against the rateable value placed on their property. Under the business rates retention scheme, local authorities are required to make a provision for the amount that they expect to have to repay to rate payers following successful appeals.

**Mandatory relief** - hereditaments are automatically entitled to relief for 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

**National Multiplier** - the figure used to calculate a non-domestic rates bill from the rateable value. The rateable value times the multiplier gives the notional rates liability. The figure is set annually by the Government and previously reflected the change in the Retail Price Index in September of the previous year. From 2018-19, the figure set reflects the change in the Consumer Price Index in September of the previous year. (See **Small Business Multiplier**). As mentioned above in 2014-15 and 2015-16, the Government capped the increase in the multiplier at 2% to provide business rate payers with additional support. The standard multiplier includes a supplement which funds small business rate relief. The multiplier for 2020-21 is £0.512.

**NNDR – national non-domestic rates** - a tax on the occupation of non-domestic property in England (and Scotland and Wales), based on the notional annual rent for a property on the open market known as the **Rateable Value**.

**Pub Relief** – in the Autumn 2017 Budget, the Government announced that the scheme of up to £1,000 relief to be administered to pubs would continue into 2018-19. This relief was first announced in the Spring 2017 Budget and was in effect in 2017-18. This relief was discontinued for 2019-20. See special factors for 2020-21.

**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 2015, using a list compiled for 1 April 2017). 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.

**Retail Discount relief** – a third off business rates bills for eligible retail hereditaments with a rateable value under £51,000 was introduced from 1 April 2019 to run for 3 years. See special factors for 2020-21.

**Retail relief** - a discount for shops, pubs and restaurants with a rateable value of £50,000 or less for two years - was introduced from 1 April 2014 and ran for two years. The relief granted was a maximum of £1,000 in 2014-15 and a maximum of £1,500 in 2015-16. The relief was discontinued for 2016-17.

**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. The next revaluation was postponed from 2015 until 2017 to provide greater stability for businesses and to encourage economic growth.

Rateable values will go both up and down at revaluation, in comparison to the average and revaluation does not raise extra money for Government. At revaluation, the multiplier is amended to ensure that nationally, no additional revenue other than that which would have been due allowing for inflation, is collected.

The current revaluation applies from 1 April 2017 (based on property values as at 1 April 2015).

**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. S31 grants are used to fund local authority 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 allows authorities to award locally funded discretionary discounts.

**Shale Gas** – from 2018-19, local authorities are allowed to retain up to 100% of business rates from new shale gas sites.

**Small Business Rate Relief scheme (also known as SBRR)** - a scheme that provides a relief within the business rates system that can be granted to small businesses. This relief is primarily funded by a supplement (1.3p in 2020-21) included in the **National Multiplier**, which is used to calculate the rates liability for business with a rateable value greater than £51,000. In addition, businesses that fail other criteria are also liable for the supplement to fund the scheme (see table below).

An important change to the level of relief granted was introduced from 1 October 2010. It effectively doubled the level of Small Business Rate Relief granted. From 2010 to 2017 this was a temporary doubling. From 2017-18 this became a permanent change. The additional costs arising from this change in the scheme are met by the Government (see **Table 3** above). In addition, in 2017-18 thresholds changed for those eligible to the relief. The current thresholds are shown in the table below.

#### From 1 April 2017

Rateable Value Range	Multiplier payable	Relief Granted	Note
Below £12,000	Small business rate multiplier 2020-21: 49.9	100% rate relief on liability	This relief is only available for: - one property; - one main property and other additional properties, according to certain conditions. If these conditions cannot be met then the property is liable for the national non-domestic multiplier.
Between £12,001 and £15,000		Relief is on a declining sliding scale from 100% to zero.	
Up to £51,000		No relief granted but bills calculated using the small business multiplier	
Rest	National non-domestic rate multiplier 2019-20: 51.2		The Small Business Rate Relief scheme is funded by businesses that pay the national non-domestic rates multiplier.

**Small Business Multiplier** - the small business multiplier excludes the supplement which funds the Small Business Rate relief scheme. The figure is set annually by the Government and (until 2018-19) reflected the change in the Retail Price Index in September of the previous year except in 2014-15 and 2015-16, when the Government capped the increase in the multiplier at 2% to

provide business rate payers with additional support. Since 2018-19, the multiplier reflects the change in the Consumer Price Index in September of the previous year. The small business multiplier for 2020-21 is £0.499.

**Supporting Small Businesses relief** – In the Spring 2017 Budget, the Government announced a new scheme of relief to support small businesses. This relief was to be made available to those ratepayers losing small business or rural rate relief due to the revaluation for five years from 1 April 2017 until 2021-22.

**Telecomms relief** – this relief will apply (retrospectively) from 1 April 2017 and run for five years. VOA will notify local authorities of the rateable value of any new eligible telecomms fibre.

**Transitional protection payments** - as a result of transitional arrangements, local authorities will collect either more, or less, income than they would have done had transitional arrangements never been in place. To cancel out the effects of these transitional arrangements, transitional protection payments are made between central government and billing authorities.

**Transitional Relief** – when the rateable value of properties are reassessed (see **Revaluation** above) and transitional arrangements are put in place which moderate significant increases and decreases in bills. The transitional scheme is designed to be revenue neutral over the life of the scheme. This revenue neutrality is achieved by phasing in both the decreases in the rate bills of those who benefit from revaluation, and also the increases in the rates bills of those who face higher rates bills due to revaluation.

The current transitional relief scheme was designed to phase in significant changes in bills over a maximum of five years from 1 April 2017.



## 5. Technical Notes

### Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= a discontinuity in data between years

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

### NNDR1 data collection for 2020-21

During January 2020, all 314 billing authorities in England that will be in existence from 1 April 2020 were required to complete the NNDR1 form to show their estimates of the amount of national non-domestic rates that they will be able to collect in 2020-21. They were also required to determine the amount of non-domestic rates they will be required to pay to central government and their major precepting authorities under the business rates retention scheme.

At the same time as they submitted their main NNDR1 forms, local authorities also reported the number of hereditaments in receipt of small business rate relief, mandatory and discretionary rate relief as at 31 December 2019. This information was collected on the NNDR1 (Supplementary) form and will be released within the next three months.

On the 27 January 2020, the Government announced via a Written Ministerial Statement a change to the retail discount to increase the relief from 33% to 50% and to extend the eligibility of the relief to include music venues and cinemas. The statement also announced an extension of the local newspaper relief that had been due to end on the 31 March 2019 and a new discount for pubs. These reliefs were announced too late for this NNDR1 collection, although some authorities have forecast costs based on the 50% retail discount. A separate collection of this data will take place and the data from this will be published as a separate table in due course. This release will not be changed as a result of this additional exercise.

### Data quality

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

The information in this release is based on data returned to the Ministry of Housing, Communities and Local Government (MHCLG) by billing authorities in England on the National Non-Domestic

Rates (NNDR1) forms. They have been signed by Chief Finance Officers as correct.

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 MHCLG as the data are received and stored. Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

## **Rounding**

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

## **Revisions policy**

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Statistics and the Ministry for Housing, 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.

This version of the release reflects a correction to the calculation of S31 grant for 11 billing authorities and an update to data received by one other authority.

### **Scheduled Revisions**

There are no planned revisions to the data published in this release.

A further table will be published with the information collected on the NNDR1 (Supplementary) form which includes the number of hereditaments in receipt of small business rate relief, mandatory and discretionary rate relief as at 31 December 2019. An additional data collection exercise will also be published separately.

## **Uses made of the data**

The data in this Statistical Release are used to inform government policy on national non-domestic rates. It also allows for monitoring of the results of any policy or financial changes to non-domestic rates or reliefs.

Following receipt of NNDR1 forms, the Ministry of Housing, Communities and Local Government (MHCLG) will calculate what every authority - both billing authorities and major precepting authorities - is entitled to as a safety net payment on account. The Department also uses the data to prepare a schedule of payments, which is sent to local authorities, detailing the amounts which will be paid, and when payments will take place. The schedule of payments under the business rates

retention scheme covers payments for the central share, tariff and top-ups, transitional protection and safety net on account.

Data from the NNDR1 2020-21 forms will also feed into forecasts of public finance which are compiled by the Office for Budget Responsibility. Local authorities and their associations also use the data to make comparisons between authorities. Finally, the data are regularly used in answering parliamentary questions and various information requests.

The full set of data are available from:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/national-non-domestic-rates-collected-by-councils>

## User engagement

Users are encouraged to provide comments and 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 should be sent to: [ndr.statistics@communities.gov.uk](mailto:ndr.statistics@communities.gov.uk)

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>

## Background notes

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

<https://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils>

Timings of future releases are regularly placed on the Department's website,

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

For a fuller picture of recent trends in local government finance, readers are directed to the latest edition of *Local Government Finance Statistics England* which is available from the Ministry of Housing, Communities and Local Government website:

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

## 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

<https://statswales.gov.wales/Catalogue/Local-Government/Finance/Non-Domestic-Rates/Estimates/nondomesticratesestimates-by-authority>

In Welsh:

<https://statscymru.llyw.cymru/Catalogue/Local-Government/Finance/Non-Domestic-Rates/Estimates/nondomesticratesestimates-by-authority>

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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 MHCLG is available via the Ministry's website: [www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics](http://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics)

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4 March 2020

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