



Ministry of Housing,
Communities &
Local Government

Non-Domestic Rates
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2 October 2020

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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 (8/2020): General information

This is the eighth business rates information letter to be issued by the Ministry of Housing, Communities and Local Government this year. Previous letters are available on the internet at:

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

- **2023 Revaluation of Non-Domestic Property**
- **Rate Relief for Public Lavatories**
- **The Fundamental Review of Business Rates**
- **New Burden Payments (including for Council Tax Hardship Fund)**
- **Underestimates of Business Rates Reliefs for 2020/21 – Additional data Collection and Payments**

2023 Revaluation of Non-Domestic Property

On 21 July, the Financial Secretary to the Treasury announced that the next business rates revaluation in England would take effect from 1 April 2023. On 8 September, the Government introduced the Non-Domestic Rating (Lists) (No.2) Bill in order to implement this commitment. The Bill completed Second Reading in the Commons on 30 September.

The 2023 revaluation will be based on the property market on 1 April 2021 so will reflect the impacts of the coronavirus pandemic on the commercial rental market. The Valuation Office Agency had previously been carrying out work on a revaluation based on the market at 1 April 2019.

The Non-Domestic Rating (Lists) (No.2) Bill also changes the latest date by which the VOA must publish the new draft rating list, from no later than 30 September preceding the revaluation to no later than 31 December. We understand that local authorities will need the draft list to prepare for billing and their NNDR1 and to check the new list and ensure that they can create the new rates bills.

In practice, these are tasks for which local authorities also need the multiplier and transitional arrangements – both of which are usually announced at a fiscal event in the autumn. We will be working with the LGA, IRRV, and CIPFA to explore how the billing and budgeting process can be supported under this new timetable.

Rate Relief for Public Lavatories

On 18 March, the Government introduced the Non-Domestic Rating (Public Lavatories) Bill, the intention of which is to exempt hereditaments consisting wholly or mainly of public lavatories from business rates. The Bill has now completed its passage through the Commons and on 7 September was introduced in the Lords, where it is currently awaiting Second Reading.

As announced by the Chancellor at the Budget on 11 March, the Bill contains provisions for the relief to apply retrospectively from 1 April 2020. This means that for eligible properties the relief will be backdated to the start of this financial year and local authorities should prepare accordingly.

Local authorities will be compensated in full for their loss of income as a result of the implementation of this relief. This compensation will be paid by section 31 grant and calculated on the basis of the NNDR returns submitted under the rates retention scheme.

The Fundamental Review of Business Rates

The Government has committed to conduct a fundamental review of business rates and published the terms of reference for the review at Budget on 11 March.

A call for evidence was published in July 2020 and sought views on how the business rates system currently works. Issues to be addressed include ideas for changing the current business rates system and proposals for alternative taxes.

The deadline for the first tranche of responses covering the business rates multiplier and reliefs was 18 September 2020. These responses will inform an interim report later in the autumn. The second and final tranche will close for responses on 31 October 2020 ahead of the review's expected conclusion in spring 2021.

New Burdens, expanded retail discount, nursery discount and council tax hardship fund

BRIL 3/2020, published on 13 March, recognised that the business rates measures announced at the Budget would place an additional burden on authorities and confirmed that the Government would provide New Burdens funding to cover their reasonable costs in implementing the measures. In addition, the Council Tax Information Letter (CTIL 3/2020) published on 16 April confirmed that the Government would also provide New Burdens funding to cover the reasonable costs in implementing the council tax hardship fund.

The Department has worked closely with sector representatives to assess the reasonable costs of new software, additional staffing and administration costs for delivering the expanded retail discount, the nursery discount, and the council tax hardship fund. We will confirm the level of funding for each scheme as soon as possible and make the payments to billing authorities shortly. **We would appreciate it if, where necessary, business rates teams could forward this BRIL to their colleagues dealing with the council tax hardship fund.**

Underestimates of Business Rates Reliefs for 2020-21 - Additional data collection and payments

The Department is aware that a number of authorities underestimated the amount of business rates relief they intend to award in 2020/21. Ordinarily, under or overestimates would be dealt with via reconciliation at the NNDR3 process at year-end.

However, given the scale of the additional reliefs and cashflow pressures on billing authorities, the Government has taken the exceptional decision to run an additional data-collection exercise. This allows billing authorities to update the amount of expanded retail discount and nursery discount they will award this year.

MHCLG will make additional payments based on the data collected where billing authorities' updated returns indicate that they underestimated, in April, the amount of business rates relief they would award this year. Any billing authority that overestimated the relief it would grant in its April return will not be required to make repayments at this stage.

The additional data-collection exercise is being run on the DELTA system and opened on 25 September. All billing authorities should have received a notification to complete this form and are asked to complete and certify this data collection form by **Friday 9 October**.

Any questions on completion of the additional data collection exercise should be sent to nndr.statistics@communities.gov.uk , subject headed 'Additional NNDR collection exercise'.

The Department recognises the difficulties councils have faced as a result of the pandemic and is grateful to authorities for their hard work and swift action in successfully implementing the measures announced at Budget and since, ensuring support to businesses was delivered quickly and efficiently.