



Ministry of Housing,
Communities &
Local Government

National non-domestic rates collected by local authorities: England 2019-20

Technical Notes



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Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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Data collection

All 317 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 2019-20.

Provisional NNDR3 forms were submitted by all 317 billing authorities in England mostly between June and September 2020. These forms were submitted prior to being passed to the authority's auditors for certification. They have been approved by the Chief Financial Officer or Section 151 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.

Authorities are also asked to submit final (certified) copies of their NNDR3 form, again approved by their Chief Financial Officer after they have been approved by auditors. This time, authorities are 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.

Final returns are those that have been submitted following an audit of their accounts. Where audit of accounts for 2019-20 have not yet been completed, in many cases due to delays caused by the coronavirus pandemic, we have published data based on authorities' provisional unaudited accounts. On 2 December 2020, 308 of the 317 returns were provisional. In the initial update published on 20 January 2021, final figures were presented for 141 authorities and provisional figures are presented for 176 authorities. A further update published on 16 June 2021 included final returns for 221 authorities and provisional figures for the remaining 96, an update on 20 October 2021 included final returns for 253 authorities and provisional figures for the remaining 64, an update on 20 September 2022 included final returns for 269 authorities and provisional figures for the remaining 48, and an update on 5 July 2023 included final returns for 277 authorities and provisional figures for the remaining 40. The latest update published on 10 July 2024, includes final returns for 278 authorities and provisional figures for the remaining 39. This update contained no changes to data, but confirmation that the figures were final. Changes in figures between versions have tended to be marginal. We continue to publish local

authority level data from January 2021 as these were used in payments to authorities. We will update this data release in due course when more finalised figures are available, and we do not expect any major change in these figures.

Data quality

Things to note on this release

39 of the data returns from local authorities included in the July 2024 update of the release were provisional data prior to an audit of accounts. These returns have been approved 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. These data are still reliable as a reflection of the authorities' pre-audit accounts. While in most cases there are no differences between provisional and final, changes can be submitted and so national figures may be amended until all final returns are made.

Assessment of 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 demands.

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.

Operational context and administrative data collection

The information in this release is based on data returned to Ministry of Housing, Communities and Local Government (MHCLG) by billing authorities in England on the National non-domestic rates (NNDR3) forms. They have been certified by auditors and signed by Chief Finance Officers as correct. The data will be used to calculate 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 MHCLG and local authorities. This effectively ensures a 100% response rate before the release is compiled.

Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of Local Government Finance Statistics England No 24 2014 which is accessible at <https://www.gov.uk/government/collections/local-government-finance-statistics-england>.

The most relevant terms for this release are explained below.

Appeals provision – 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.

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. In 2019-20, there were 317 billing authorities in England.

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. This is 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. 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. From 1 April 2017 local authorities in Devolution Deal areas e.g. Greater Manchester, Merseyside, West Midlands, West Country and Cornwall retained 100% of business rates i.e. central share 0%. In 2017-18, the local share for London Boroughs was increased to 67% (central share was reduced to 33%) to reflect GLA taking on extra functions. In 2019-20, London Boroughs and a number of other authorities took part in a pilot to retain 75% of their business rates (central share was reduced to 25%). This was for one year only.

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 Area – an Enterprise Zone or a New Development Deal.

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 shown in Table 2 of this release.

Enterprise Zones – specific areas where a combination of financial incentives and reduced planning restrictions apply. Enterprise Zones 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;

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.

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 approximately 1.9 million hereditaments in England.

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.

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. The current categories of mandatory relief are shown in Table 2 of this release.

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 2019-20, the figure set reflects the

change in the Consumer Price Index in September of the previous year. (See Small Business Multiplier). 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 2019-20 was £0.504 (i.e. 49.1p + 1.3p).

NNDR – national non-domestic rates – see **Business Rates**.

New Development Deals – £120m of funding 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.

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 using a list compiled for 1 April 2017). The RV is used in determining the rates liability, and therefore the bill.

Renewable Energy schemes – 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. Rateable values will go both up and down at revaluation, in comparison to the average but 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.

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 31 grants paid to local authorities in 2019-20 for the following measures (from Table 3 in the main release):

- 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. As the relief has now ended, any relief in 2019-20 is in respect of previous years;

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 telecom 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 came into effect from 1 April 2019 and was due to run until 31 March 2021. This does not reflect changes made to expand this relief from 1 April 2020.

Section 47 (S47) – this refers to Section 47 of the Local Government Finance Act 1988 which has been amended by Section 69 of Localism Act 2011 to allow authorities greater scope to award locally funded discretionary discounts.

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 2019-20 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).

The additional costs arising from this change in the scheme are being met by the Government (see Table 3 above). From 2010 to 2017 this was a temporary doubling. From 2017-18 this is a permanent change. In addition, in 2017-18 thresholds changed for those eligible to the relief. These are shown in the table below.

From 1 April 2019

| Rateable Value range | Multiplier payable | Relief Granted | Note |
|-----------------------------|---|--|---|
| Below £12,000 | Small business rate multiplier 2019-20: 49.1 | 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: 50.4 | | 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. From 2018-19, the multiplier reflected the change in the Consumer Price Index in September of the previous year. The small business multiplier for 2019-20 is £0.491.

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 – transitional arrangements are in place which moderate significant increases and decreases in bills following **revaluation**. 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.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Ministry of Housing, Communities and Local Government Revisions Policy and can be found at

<https://www.gov.uk/government/publications/statistical-notice-mhclg-revisions-policy>.

It covers two types of revisions that the policy covers, as follow:

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

We intend to publish further revisions of this release when more post-audit data is available.

Other information

Uses of the data

In addition to the use described in data quality, the data in this statistical release are used to inform government policy on national non-domestic rates and will feed into safety net and levy payments. It also allows for monitoring of the results of any policy or financial changes to nondomestic rates or reliefs.

Data from the NNDR3 form 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 for each year from:

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

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://gov.wales/statistics-and-research>

In Welsh: https://llyw.cymru/ystadegau-ac-ymchwil?_ga=2.60857519.203965048.1573739419-2072796245.1561456247

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 should be sent to nndr.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>