



Department for Levelling Up,
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28 September 2023

Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (3/2023): The Non-Domestic Rating Bill

This is the third business rates information letter to be issued by the Department for Levelling Up, Housing and Communities 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:

- **Non-Domestic Rating Bill**

The Non-Domestic Rating Bill

This letter provides an update on several areas of business rates administration that are changing as a result of [the Non-Domestic Rating Bill](#) ('the Bill'). The Bill has recently had its final amending stage in the House of Lords and is expected to receive Royal Assent before the end of 2023.

Introduction of the Improvement Relief

The Government has committed to provide, from 1 April 2024, a 12 month relief for ratepayers facing higher bills where eligible improvements to an existing property have increased their rateable value.

The legislation associated with the relief is already available for local authorities to examine. Clause 1 of the Bill provides the overarching framework for the relief. The [draft regulations](#) were published and consulted on by the Government between June and August. The draft regulations set out in detail the conditions to be met, including the occupation condition and the definition of qualifying works, which will be considered by local authorities and the Valuation Office Agency (VOA) respectively. The VOA is currently working with a number of local authorities to understand the best design for the systems and processes to provide certified values. Further engagement and communications on this aspect will follow in due course from the VOA.

Heat Networks Relief

Among measures to support decarbonisation the Government has, in 2022/23 and 2023/24, funded local government to provide discretionary relief to separately assessed, low carbon heat networks. Through the Bill, this relief will become mandatory from 1 April 2024.

The parameters and conditions for accessing the relief will remain unchanged once the relief becomes mandatory. The Government will prescribe these rules in new regulations to reflect the mandatory nature of the relief.

Business Rate Multipliers

Through the Bill the Government is prescribing new rules governing how the business rates multipliers are set and calculated, following commitments in the Business Rates Review. Local authorities should be aware that from 1 April 2024, the small business multiplier will by default apply to all hereditaments with a rateable value below the multiplier threshold (currently £51,000). This includes properties occupied by charities and unoccupied properties, which currently do not qualify for the small business multiplier.

Discretionary Relief

The Bill will remove the restriction in section 47(7) of the Local Government Finance Act 1988 on backdating of decisions concerning discretionary rate relief. As committed to in the March 2023 Summary of Responses to the technical consultation on the Business Rates Review, the Government will also make regulations revoking all rules on discretionary relief contained in the Non-Domestic Rating (Discretionary Relief) Regulations 1989.

This means that local authorities will from 1 April 2024 be able to make decisions on discretionary reliefs fully retrospectively (in respect of the financial year 2024/25 onwards) and set their own rules for notifications of reliefs in their area. If local authorities wish to keep any of the existing rules on discretionary relief or devise their own rules, they will need to add them in to their local schemes proactively from 2024/25 onwards. This also means that local authorities will also need to consider issues around their own locally decided rules regarding notice periods and notices to ratepayers.