



Department for
Communities and
Local Government

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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 (8/2017): Autumn Budget

This is the eighth business rates information letter to be issued by the Department for 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/>.

- **2017 Autumn Budget and Provisional Multipliers**
- **2017 Spring Budget Rate Relief Schemes**

2017 Autumn Budget Business Rate Measures

1. The Chancellor of the Exchequer announced on 22 November at the 2017 Autumn Budget a package of business rates measures:

- Switch from RPI to CPI for business rates indexation
- Implementing 3-year business rate revaluations following the next revaluation
- Commitment to legislate to reinstate previous VOA practice on the valuation of business properties located in multi-occupancy buildings
- Extension of the £1000 business rates discount for pubs

Business Rates Indexation and Provisional Multipliers for 2018-19

2. Under Schedule 7 to the Local Government Finance Act 1988 (as amended) there are two multipliers. The small business non-domestic rating multiplier which is used for those properties with a rateable value below £51,000; and the non-domestic rating multiplier, paid by properties above those levels and which includes the supplement to pay for the small business rate relief scheme.

3. The small business non-domestic multiplier is determined by Schedule 7 to the 1988 Act. These rules ensure that the small business multiplier in 2018-19 is based on the 2017-18 multiplier adjusted for Retail Price Index inflation for September 2017 unless HM Treasury exercises its order making power.

4. At Autumn Budget 2017 the government confirmed that it would bring forward the planned switch in the indexation of business rates from RPI to the main measure of inflation (currently CPI) by two years to April 2018. The government will use secondary legislation to bring forward the switch in the business rates multiplier indexation to CPI. This will apply to bills from 1 April 2018.

5. This results in a provisional small business non-domestic multiplier for 2018-19 of 48.0p. The provisional non-domestic multiplier will therefore be 49.3p in 2018-19.

6. In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the Local Government Finance Report for 2018-19 has been approved by the House of Commons or 1 March 2018, whichever is earlier.

7. Local authorities will be fully compensated via Section 31 grant for income lost as a result of bringing forward this measure.

More Frequent Revaluations

8. At the Autumn Budget it was confirmed that the frequency of revaluations would be increased to every three years, following the next revaluation currently due in 2022. Three year revaluations will be delivered by the VOA, and to support this business owners will be required to provide regular information on who is responsible for business rates and on property characteristics including use and rent to the VOA. We will consult on the detail of implementation of more frequent revaluations in the spring.

Reinstating previous VOA practice for properties located in multi-occupancy buildings

9. The Chancellor has confirmed that we will legislate to reinstate previous VOA practice in relation to properties located in multi-occupancy buildings. This will require primary legislation and DCLG intends to consult on a draft bill shortly.

10. Implementation of this measure will be led by the VOA, and we expect that once the necessary legislation is in place ratepayers will be able to ask the VOA to recalculate valuations so that bills are based on previous practice backdated to April 2010 as appropriate. This, in turn, will include reinstating Small Business Rate Relief for ratepayers who as a result once again meet the single hereditament test. More detailed guidance on implementation will be provided in due course.

11. Any additional business rates revenue to local authorities from the ruling will be offset by the reinstatement of the VOA's previous practice. The overall impact on local authorities will therefore be nil, and we do not plan to compensate local authorities in relation to any income lost as a result of this measure.

Extension of the Pubs Relief Scheme

12. In the Autumn Budget 2017 the Chancellor announced that the pubs relief scheme would be extended by a further year. The existing guidance and terms for the current scheme will continue to apply in the same way – eligible pubs with a rateable value of below £100,000 will

receive a £1000 discount on their bill. The relief will have effect for 2018/19.

13. Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988, as amended) to grant this relief for pubs in line with the relevant eligibility criteria. They will be compensated for the cost of granting the relief through a Section 31 grant. No new legislation will be required to deliver the scheme. The government expects all authorities to apply the relief to eligible pubs from April 2018, given the scheme is already established.

2017 Spring Budget – Rate Relief Schemes

14. On 13 October, the Government published a list of billing authorities that had begun rebilling under each of the new relief schemes announced at the Spring Budget 2017.

15. The list is regularly updated once authorities confirm that they have started to rebill. We would therefore be grateful if billing authorities could continue to notify us when rebilling has begun for their remaining schemes, by sending updates to:

DCLG-SBSchemes@communities.gsi.gov.uk

The list is available at: www.gov.uk/government/publications/business-rates-relief-schemes-2017-rebilling-progress

16. On 20 November, the Local Government Minister Marcus Jones MP wrote to all English MPs setting out the progress made by authorities in their constituency. The letter also reiterated that there is no end year flexibility in the Discretionary scheme; and that any unspent funds below the allocation for an authority will be clawed back following the close of the 2017/18 financial year. It is therefore important that authorities take all necessary steps to publicise their local schemes and ensure that all eligible businesses are aware of the support available and can benefit from it.

Administration and Communication of Reliefs

17. We expect billing authorities to have in place clear and swift arrangements for communicating with ratepayers the extension of the pubs relief scheme. The terms of the Supporting Small Businesses and Discretionary Relief Scheme will continue to apply as previously set out in BRIL 4/2017. This guidance can be found at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/620750/BRIL_4-2017_Spring_Budget_update.pdf

18. Authorities should therefore ensure that arrangements are in place to ensure the smooth implementation of the second year of each of the schemes – with reliefs applied to eligible businesses from April 2018.

Data collection

19. On 17 November, the Department requested data on the three Spring Budget schemes which is necessary to recompense authorities (via s31 grant payment) for the applicable schemes.

20. Authorities are asked to submit the value of relief awarded / forecasted under the Supporting Small Business, Support for Pubs and Discretionary Relief Schemes to 31 March 2018 and the number of ratepayers benefitting. Please complete and return all issued forms to DCLG-SBschemas@communities.gsi.gov.uk by COP Friday 1 December 2017.

New Burdens

21. New burdens funding to support implementation of the three Spring Budget schemes has been confirmed. No additional funding is being provided in relation to the extension of the pubs measure, given that we expect that authorities already have all necessary arrangements in place.