



Ministry of Housing,  
Communities &  
Local Government

Non-Domestic Rates Team  
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**9 February 2018**

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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 (1/2018): Confirmation of the Non-Domestic Rating Multipliers and additional information**

This is the first 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/businessratesinformationletters/>.

**This letter covers:**

- **Confirmation of the Non-Domestic Rating Multipliers for 2018/2019**

- **The Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2018**
- **Consultation on reinstating the practice of the Valuation Office Agency prior to the decision of the Supreme Court in Woolway (VO) V Mazars**
- **Clarification of guidance on the Supporting Small Business Scheme (SSB) introduced at Spring Budget 2017**
- **Compensation methodology for the Small Business Rate Relief**
- **Small Business Rate Relief Threshold Changes Methodology**

### **Confirmation of the Non-Domestic Rating Multipliers for 2018/2019**

1. At the 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.

2. The government has now laid the Local Government Finance Act 1988 (Non-Domestic Rating Multipliers)(England) Order 2017/1335 to bring forward the switch in the indexation to CPI. The regulations, which make the changes was laid in Parliament on 20 December 2017. The order can be found at the following web link: <http://www.legislation.gov.uk/ukxi/2017/1335/contents/made>.

3. Following the approval by the House of Commons on 7 February 2018 of the Local Government Finance Report (England) 2018/2019, the Secretary of State has calculated the non-domestic rating multipliers for England for 2018/2019.

4. In accordance with the requirements of paragraph 6(1) of Schedule 7 to the Local Government Finance Act 1988 (inserted by paragraph 62 of the Local Government Act 2003), this Business Rates Information Letter provides details on the non-domestic rating multiplier and the small business non-domestic rating multiplier for England for 2018/2019:

- **non-domestic rating multiplier 49.3p (0.493)**
- **small business non-domestic rating multiplier 48.0p (0.480)**

5. This confirms the provisional figure notified to you in Business Rates Information Letter 8/2017 of 24 November 2017.

6. The value of Q should be calculated by local billing authorities using the rules contained in the transitional relief regulations. It is based on the change in the small business multiplier – reg 10(12) of the Non-Domestic Rating (Chargeable Amounts)(England) Regulations 2016 and is 48/46/6 which comes to 1.03 (the regs round to 2 places).

## **The Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2018 - No. 92**

7. These Regulations amend the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 in relation to non-domestic rating demand notices only. They set out the matters that must be included in a demand notice for non-domestic rates, including the explanatory notes that must be provided on-line or hardcopy on request in either the terms prescribed by that Schedule or substantially similar terms. The new explanatory notes mainly reflect recent changes to non-domestic rating announced in the 2017 Spring Budget (see BRIL 2/2017).

8. The regulations, which make the changes were laid in Parliament on 29 January and will come into force on 28 February 2018. The statutory instrument can be found at the following web link:

<http://www.legislation.gov.uk/ukxi/2018/92/contents/made>.

## **Consultation on reinstating the practice of the Valuation Office Agency prior to the decision of the Supreme Court in Woolway (VO) v Mazars**

9. In the 2017 Autumn Budget the Chancellor announced that the government will legislate to reinstate the relevant elements of the Valuation Office Agency's practice prior to the decision of the Supreme Court in Woolway (VO) v Mazars [2015] UKSC 53.

10. The judgement has meant that some businesses operating in adjoining units or rooms, but are accessed from a common corridor or staircase, receive separate rate bills for each unit. The ruling also resulted in some businesses facing higher rate bills, with some paying more due to the loss of small business rate relief.

11. The Secretary of State has published a consultation document along with draft legislation seeking views on Government proposals to deliver upon the commitment to reinstate the previous practice.

12. The consultation documents can be found at the following web link:

<https://www.gov.uk/government/news/sajid-javid-acts-to-help-businesses-affected-by-unfair-staircase-tax>.

13. The consultation closes on **23 February 2018**.

## **Clarification of guidance on the Supporting Small Business Scheme (SSB) introduced at Spring Budget 2017**

14. The full guidance for the SSB scheme was published in BRIL 4/2017 on 20 June 2017. Now that the VOA is starting to amend the rating list and, in some instance, increasing compiled list rateable values with effect from the date of amending the list, some local authorities have asked whether regulation 16 certificates (certificate for changes in rateable value for 1 April 2017) are applicable for the SSB scheme,

15. Regulation 16 certificates should apply to SSB in the same way as they apply to transitional relief, Paragraphs 35 to 38 of the guidance explained that, other than for splits and mergers, the rules from the transitional relief scheme should also apply to SSB subject to the modification made in those paragraphs. However, MHCLG accept, that the guidance on eligibility was ambiguous in respect of regulation 16 certificates. We have therefore added the following paragraphs to the full SSB guidance:

#### **Eligibility post 1 April 2017 by virtue of a regulation 16 certificate**

34A. As with the transitional relief scheme, where the valuation officer issues a certificate of rateable value under regulation 16 certifying the correct rateable value at 1 April 2017 (in circumstances where they cannot by rule now amend the list for 1 April 2017) then eligibility for SSB and the calculation of SSB should be revisited using the regulation 16 certified value in place of the value shown in the list for 1 April 2017. As with the transitional relief scheme, this should have effect as regards the days referred to in regulation 16(4) (the effective date of when the list was altered to correct the inaccuracy and subsequent days) or regulation 16(5) (where no alteration has been made).

34B. This ensures that those ratepayers whose compiled list 2017 rateable values are increased by the VOA but only from the date the list is altered may still be eligible for SSB from that point onwards. This ensures those ratepayers are not penalised merely because the increase in their rateable value was not backdated to 1 April 2017 – following the same principle which currently exists in the transitional relief scheme.

#### **Compensation methodology for the Small Business Rate Relief**

16. Following the recent technical consultation on the compensation methodology for the Small Business Rate Relief threshold changes, we can confirm that the adjustment factor that will be used in the calculation of SBRR compensation payments, and other s.31 grant payments for 2017-18 will be 7/466.

17. We will also be increasing the adjustment factor for 2018-19 to 11/480, as opposed to 10/480, that was used in the NNDR1 2018-19. We will, accordingly, be making s31 grant on account payments using the 11/480 adjustment factor. This will mean that the amounts due to authorities will be slightly higher than those calculated in the NNDR1. We will very shortly send you the revised NNDR1 form for your authority, reflecting the new factor.

#### **Small Business Rate Relief Threshold Changes Methodology**

18. In December we published a technical consultation on the compensation methodology for the Small Business Rate Relief threshold changes. The consultation is now closed. The overwhelming majority of responses agreed with the recommended methodology, but some responses also recommended that we keep

the methodology under review to ensure that authorities are not under-compensated now or in future years.

19. We intend therefore to proceed on the basis of the methodology set out in the consultation document. This will ensure that we are able to pay authorities a higher level of compensation, on account, in 2017-18 and, 2018-19. But we will continue to work with local government, and with the Implementation Working Group (IWG), set-up for that purpose, to discuss whether further refinements should be made to the methodology. Payment of further on-account payments in respect of 2017-18 will be calculated on the basis of submitted 2017-18 NNDR1s and the methodology set out in the consultation document and paid to authorities in March. No changes are required in relation to the 2018-19 NNDR1.

20. For further enquiries on compensation methodology or Small Business Rate Relief threshold changes please contact: [david.bull@communities.gsi.gov.uk](mailto:david.bull@communities.gsi.gov.uk).