



Department for Levelling Up,
Housing & Communities

Non-Domestic Rates Team
LGF – Local Taxation
SE Quarter - 2nd Floor
Fry Building
2 Marsham Street
London SW1P 4DF

Email: ndr@levellingup.gov.uk.

15 February 2023

Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (1/2023): Confirmation of the 2023/24 Multipliers, Demand Notices and other Information

This is the first 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:

- **Confirmation of the Non-Domestic Rating Multipliers for 2023/2024**
- **Business rates: implementation of green reliefs**
- **New Fibre Telecommunications Relief**
- **Explanatory Notes: Amendments to the Council Tax and Non-Domestic Rating Demand Notice (England) Regulations 2003**

Confirmation of the Non-Domestic Rating Multipliers for 2023/2024

The notice confirming the multiplier for 2023 at 49.9p (small business non-domestic rating multiplier) and 51.2p (non-domestic rating multiplier) is attached at **Annex A**.

Business rates: implementation of green reliefs

At the Spring Statement on 23 March 2022, the Chancellor announced that the Government would bring forward from April 2023 to April 2022 a measure to support investment in green energy efficiency. The measure was a 100% relief for eligible low-carbon heat networks which have their own rates bill.

Pending the passage in Parliament of legislation making this relief mandatory, the heat network relief measure is being delivered using existing local government discretionary relief powers funded by the government for the financial year 2022/23. The guidance for this scheme for 2022/23 can be found at:

<https://www.gov.uk/government/publications/business-rates-heat-network-relief-local-authority-guidance/business-rates-heat-network-relief-local-authority-guidance>.

Given that the legislation will not be in place for 1 April 2023, this relief scheme will continue to be delivered in 2023/24 using existing local government discretionary relief powers. We will shortly issue the guidance for 2023/24 (substantively unchanged from the 2022/23 guidance).

New Fibre Telecommunications Relief

This section only concerns those authorities whose lists contain a telecom network eligible for new fibre relief.

On 27 March 2018 the Government made the Non-Domestic Rating (Telecommunications Infrastructure Relief) (England) Regulations 2018. These regulations, and the amendments to section 43 of the Local Government Finance Act 1988 introduced by the Telecommunications Infrastructure (Relief from Non Domestic Rates) Act 2018, brought into force the 100% rate relief scheme for new telecom fibre announced by the Chancellor at Autumn Statement 2016. The scheme applied retrospectively to 1 April 2017 and ran for 5 years.

The scheme has now come to an end as from 1 April 2022. Local authorities should now only apply the relief to those eligible telecom networks retrospectively for previous years. The regulations can be found at:

<https://www.legislation.gov.uk/all?title=Telecommunications%20Infrastructure%20Relief>.

Explanatory Notes: Amendments to the Council Tax and Non-Domestic Rating Demand Notice (England) Regulations 2003

The Department has amended the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 to provide revised text for explanatory notes, to

reflect relevant policy changes and the new UK subsidy control regime which commenced from 4 January 2023.

We have attached at **Annex B** to this letter the revised text of the explanatory notes which includes the changes made in the amending regulations. The Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2023 can be found at: <https://www.legislation.gov.uk/uksi/2023/13/made/data.pdf>.

Notice of the Non-Domestic Rating Multipliers for 2023/2024

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), the Secretary of State has calculated the non-domestic rating multipliers for England for 2023/2024 as follows:

- small business non-domestic rating multiplier **49.9p (0.499)**. See below for details, and
- non-domestic rating multiplier **51.2p (0.512)**

Calculation of Small Business Multiplier 2023/24 (Paragraph 4 of Schedule 7 to the Local Government Finance Act 1988)

For 2023/24 (based on data as at 30 September 2022):

A = 2022/23 Small Business Multiplier 0.499

B = the value 320.2 as specified in The Local Government Finance Act 1988 (Non-Domestic Rating Multipliers) (England) Order 2022 SI 2022 No. 1407

C = RPI for September 2021 308.6

D = estimated total RV for 31/3/23 once all alterations to the 2017 list have been made: £66,018,162,549

E = estimated total RV for 1/4/23 once all alterations to the 2023 list have been made: £68,497,484,666

Calculation of Small Business Multiplier 2023/24 (Paragraph 4 of Schedule 7 to the Local Government Finance Act 1988)

$$\begin{aligned} &= (A \times B \times D) / (C \times E) \\ &= (0.499 \times 320.2 \times £66,018,162,549) / (308.6 \times £68,497,484,666) \\ &= 0.499 \text{ (to nearest 0.001)} \end{aligned}$$

Text of 2023-24 Explanatory Notes

EXPLANATORY NOTES

Non-Domestic Rates

Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally. The money, together with revenue from council tax payers, locally generated income and grants from central government, is used to pay for the services provided by local authorities in your area. Further information about the business rates system may be obtained at: www.gov.uk/introduction-to-business-rates, at the website of your local authority which is normally shown on your rates bill, or by contacting your local authority.

Business Rates Instalments

Payment of business rates bills is automatically set on a 10-monthly cycle. However, the Government has put in place regulations that allow ratepayers to require their local authority to enable payments to be made through 12 monthly instalments. If you wish to take up this offer, you should contact your local authority as soon as possible.

National Non-Domestic Rating Multiplier

The local authority works out the business rates bill for a property by multiplying the rateable value of the property by the appropriate non-domestic multiplier. There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The Government sets the multipliers for each financial year, except in the City of London where special arrangements apply.

Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are neither entitled to certain other mandatory relief[s] nor liable for unoccupied property rates) will have their bills calculated using the lower small business non-domestic rating multiplier, rather than the standard non-domestic rating multiplier. Both multipliers for a financial year are based on the previous year's multiplier adjusted to reflect the Consumer Price Index (CPI) inflation figure for the September prior to the billing year, unless a lower multiplier is set by the government. The current multipliers are shown on the front of your bill.

Rateable Value

Apart from properties that are exempt from business rates, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA), an agency of Her Majesty's Revenue and Customs. They compile and maintain a full list of all rateable values, available at www.gov.uk/voa. The rateable value of your property is shown on the front of your bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date specified in legislation. For the current rating list, this date was set as 1st April 2021.

The VOA may alter the valuation if circumstances change. The ratepayer (and certain others who have an interest in the property) can also check and challenge the valuation shown in the list if they believe it is wrong. Further information about the grounds on which challenges may be made and the process for doing so can be obtained by contacting the VOA, or by consulting the VOA website: www.gov.uk/guidance/how-to-check-your-rateable-value-is-correct.

Revaluations

All non-domestic property rateable values are reassessed at revaluations. The most recent revaluation took effect from 1st April 2023. Revaluations ensure that business rates bills are up-to-date and more accurately reflect current rental values and relative changes in rents. Frequent revaluations ensure the system continues to be responsive to changing economic conditions.

Business Rate Reliefs

Depending on individual circumstances, a ratepayer may be eligible for a rate relief (i.e. a reduction in their business rates bill). There are a range of available reliefs. Further details are provided below and at www.gov.uk/introduction-to-business-rates, at the website of your local authority which is normally shown on your rates bill, or by contacting your local authority.

Temporary Reliefs

Some of the permanent reliefs are set out below but other temporary reliefs may be introduced by the Government at a fiscal event. Further detail on current temporary reliefs is available at www.gov.uk/apply-for-business-rate-relief. You should contact your local authority for details on the latest availability of business rates reliefs and advice on whether you may qualify.

Small Business Rates Relief

If a ratepayer's sole or main property has a rateable value which does not exceed a set threshold, the ratepayer may receive a percentage reduction in their rates bill for the property of up to a maximum of 100%. The level of reduction will depend on the rateable

value of the property. For example eligible properties with a rateable value below a specified lower threshold will receive 100% relief while eligible properties above the lower threshold and below a specified upper threshold may receive partial relief. The relevant thresholds for relief are set by the Government by order and can be obtained from your local authority or at www.gov.uk/introduction-to-business-rates.

Generally, these percentage reductions (reliefs) are only available to ratepayers who occupy either—

- (a) one property, or
- (b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed the limit set by order.

The aggregate rateable value of all the properties mentioned in (b), must also not exceed an amount set by order. For those businesses that take on an additional property which would normally have meant the loss of small business rate relief, they will be allowed to keep that relief for a fixed additional period. Full details on the relevant limits in relation to second properties and the current period for which a ratepayer may continue to receive relief after taking on an additional property can be obtained from your local authority or at www.gov.uk/introduction-to-business-rates.

Certain changes in circumstances will need to be notified to the local authority by the ratepayer who is in receipt of relief (other changes will be picked up by the local authority). The changes which should be notified are—

- (a) the property falling vacant,
- (b) the ratepayer taking up occupation of an additional property, or
- (c) an increase in the rateable value of a property occupied by the ratepayer in an area other than the area of the local authority which granted the relief.

Charity and Community Amateur Sports Club Relief

Charities and registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the charity or the club and is wholly or mainly used for the charitable purposes of the charity (or of that and other charities), or for the purposes of the club (or of that and other clubs).

The local authority has discretion to give further relief on the remaining bill. Full details can be obtained from the local authority.

Transitional Rate Relief

At a revaluation, some ratepayers will see reductions or no change in their bill whereas some ratepayers will see increases. Transitional relief schemes are introduced at each revaluation to help those facing increases. Transitional relief is applied automatically to bills. Further information about transitional arrangements may be obtained from the local authority or at www.gov.uk/introduction-to-business-rates.

Local Discounts and Hardship Relief

Local authorities have a general power to grant discretionary local discounts and to give hardship relief in specific circumstances. Full details can be obtained from the local authority.

Unoccupied Property Rating

Business rates are generally payable in respect of unoccupied non-domestic property. However, they are generally not payable for the first three months that a property is empty. This is extended to six months in the case of certain industrial premises, whilst certain other properties such as vacant listed buildings are not liable for business rates until they are reoccupied. Full details on exemptions can be obtained from your local authority or from gov.uk at <https://www.gov.uk/apply-for-business-rate-relief>.

Subsidy Control

The new UK subsidy control regime commenced from 4 January 2023. The new regime enables public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored for local needs. Public authorities giving subsidies must comply with the UK's international subsidy control commitments. The subsidy control legislation provides the framework for a new, UK-wide subsidy control regime. Further information about subsidy control can be found on the gov.uk website at: <https://www.gov.uk/government/collections/subsidy-control-regime>.

Rating Advisers

Ratepayers do not have to be represented in discussions about the rateable value of their property or their rates bill. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS—website www.rics.org.) and the Institute of Revenues, Rating and Valuation (IRRV—website www.irrv.org.uk.) are qualified and are regulated by rules of professional conduct designed to protect the public from misconduct.

Before you employ a rating adviser or company you should check that they have the necessary knowledge and expertise, as well as appropriate indemnity insurance. Take great care and, if necessary, seek further advice before entering into any contract.

Information Supplied with Demand Notices

Information relating to the relevant and previous financial years in regard to the gross expenditure of the local authority is available at [website address of local authority where information is published]. A hard copy is available on request by writing to the local authority or at [telephone number].

Part 2 Modification of Part 1 in Relation to Rural Settlement Authorities

In relation to rural settlement authorities, Part 1 shall have effect as if—

- (a) in paragraph 6(a) for “section 43(4A) or (5)” there were substituted “section 43(5) or (6A)”, and
- (b) at the end of the Explanatory Notes set out in paragraph 7, there were added the following—

Rate Relief for Businesses in Rural Areas

Certain types of properties in a rural settlement with a population below 3,000 may be entitled to a discount. The property must be the only general store, the only post office or a food shop and have a rateable value of less than £8,500, or the only public house or the only petrol station and have a rateable value of less than £12,500. The property has to be occupied. An eligible ratepayer is entitled to relief at 50% of the full charge whilst local authorities are expected to use their local discount powers to grant 100% rural rate relief to eligible ratepayers. Full details can be obtained from the local authority.

Part 3 Special Authorities

[...]

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EXPLANATORY NOTES

Non-Domestic Rates

Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally. The money, together with revenue from council tax payers, locally generated income and grants from central government, is used to pay for the services provided by local authorities in your area. Further information about the business rates system may be obtained at: www.gov.uk/introduction-to-business-rates, at the website of your local authority which is normally shown on your rates bill, or by contacting your local authority.

Business Rates Instalments

Payment of business rates bills is automatically set on a 10-monthly cycle. However, the Government has put in place regulations that allow ratepayers to require their local authority to enable payments to be made through 12 monthly instalments. If you wish to take up this offer, you should contact your local authority as soon as possible.

The City of London Rating Multiplier

The local authority works out the business rates bill for a property by multiplying the rateable value of the property by the appropriate non-domestic multiplier. There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. Because of its special circumstances, notably its very small resident population, the Common Council of the City of London can set its own rate, or multiplier, and retain part of the proceeds to help pay for the services it provides. It may set this rate, subject to certain constraints, at a higher or lower level than the rate which applies outside the City of London. The City sets the multipliers for each financial year according to formulae set by legislation.

Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are neither entitled to certain other mandatory relief[s] nor liable for unoccupied property rates) will have their bills calculated using the lower small business non-domestic rating multiplier, rather than the standard non-domestic rating multiplier. The current multipliers are shown on the front of your bill.

Rateable Value

Apart from properties that are exempt from business rates, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA), an agency of Her Majesty's Revenue and Customs. They compile and maintain a full list of all rateable

values, available at www.gov.uk/voa. The rateable value of your property is shown on the front of your bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date specified in legislation. For the current rating list, this date was set as 1st April 2021.

The VOA may alter the valuation if circumstances change. The ratepayer (and certain others who have an interest in the property) can also check and challenge the valuation shown in the list if they believe it is wrong.

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The subsidy control legislation provides the framework for a new, UK-wide subsidy control regime. Further information about subsidy control can be found on the gov.uk website at: <https://www.gov.uk/government/collections/subsidy-control-regime>.

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Information Supplied with Demand Notices

Information relating to the relevant and previous financial years in regard to the gross expenditure of the local authority is available at [website address of local authority where information is published]. A hard copy is available on request by writing to the local authority or at [telephone number].