

## Business Rates Information Letter

### **(7/2008): Business Information Letter**

This is the seventh Business Rates Information Letter to be issued by the Department this year. Previous letters are available on the internet at:

<http://www.local.communities.gov.uk/finance/busrats1.htm>

#### **This letter covers:**

- ♣ **The Provisional Multipliers**
- ♣ **The Contribution Regulations**

Business Rates Team  
Zone 5/B1  
Eland House  
Bressenden Place  
LONDON SW1E 5DU  
Web site:  
[www.communities.gov.uk](http://www.communities.gov.uk)

8 December 2008

[www.communities.gov.uk](http://www.communities.gov.uk)  
community, opportunity, prosperity

### **Chief Finance Officers of English Billing Authorities**

#### **FOR THE ATTENTION OF THE BUSINESS RATES SECTION**

Dear Chief Finance Officer

#### **Business Rates Information Letter (7/2008):**

##### **This letter covers:**

#### **The Provisional Multipliers and the Non-Domestic Rating Contributions (England) (Amendment) Regulations 2008**

This is the seventh business rates information letter to be issued by Communities and Local Government this year. Previous letters are available on the internet at:

<http://www.local.communities.gov.uk/finance/busrats1.htm>

#### **The Provisional Multipliers**

Under Schedule 7 to the Local Government Finance Act 1988 ("the 1988 Act"), as amended by section 62 of the Local Government Act 2003, there are two multipliers.

The small business non-domestic rating multiplier, which is applicable to those that qualify and successfully apply for the small business relief, and the non-domestic rating multiplier, which includes the supplement to pay for the small business rate relief scheme.

Schedule 7 to the 1988 Act defines that the way in which the small business non-domestic rating multiplier for England is increased each year is in line with the annual change in the retail prices index (RPI) from the previous September.

Increasing the small business multiplier in line with the September RPI inflation figure of 5% results in a rise from 0.458 (45.8 pence in the pound) this year to 0.481 (48.1 pence in the pound) for 2009/10.

Schedule 7 also provides that the non-domestic rating multiplier is the small business non-domestic multiplier plus an adjustment to fund the estimated cost of the small business rate relief scheme.

The supplement since 2007/08 was set by the Secretary of State on the basis that local billing authority returns for 2005/06 and 2006/07 showed that the actual amount of revenue collected through the small business supplement exceeded the amount being paid out by way of relief.

The Secretary of State can adjust the supplement calculated for a forthcoming financial year under Schedule 7 if the amounts expected to be collected through the supplement in previous years differed from the actual amounts collected - as has been the case in the 2005/06 to 2006/07 period.

Taking these factors into account the Secretary of State determined that the supplement should be 0.004 in 2008/09. NNDR1 returns for 2008/09 estimated that £79m will be under collected. This brings the cumulative cost of the scheme from surplus to a £19 million deficit.

The Secretary of State has determined that the supplement should remain at 0.004 for 2009/10.

The **non-domestic multiplier** will therefore increase from 0.462 (46.2 pence) this year to 0.485 (48.5 pence) in 2009/10.

The provisional 2009/10 multipliers have therefore been calculated as:-

- Non-Domestic Rating Multiplier 0.485
- Small Business Non-Domestic Rating Multiplier 0.481

In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed after either the local government finance report for 2009/10 has been approved by Parliament or 1st March 2008.

### **The Non-Domestic Rating Contributions (England) (Amendment) Regulations 2008**

On the 4 December 2008 the Non-Domestic Rating Contributions (England) (Amendment) Regulations 2008 (SI Number 3078) were laid before Parliament and will come into force on 31 December 2008.

The regulations are available at:

[www.opsi.gov.uk/si/si2008/pdf/uksi\\_20083078\\_en.pdf](http://www.opsi.gov.uk/si/si2008/pdf/uksi_20083078_en.pdf)