



NON-DOMESTIC RATE:  
REFLECTIONS ON 2017 AND A LOOK FORWARD TO 2018

-  
IRRV EAST ANGLIA ASSOCIATION  
15 DECEMBER 2017

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# 'GARY'S CRYSTAL BALL'





# OUTLINE OF PRESENTATION

- Local Government Finance Bill 2017
- Spring Budget 2017
- Is Section 47 'Fit For Purpose'?
- Autumn Budget 2017
- Legislation
- Current Bills
- DCLG Information Letters
- A Trip Down Memory Lane
- Consultations
- Case Law
- Publications
- The Institute
- 'Gary's Crystal Ball'



# LOCAL GOVERNMENT FINANCE BILL 2017 (SUMMARY)

- General
  - First and second reading: 13 and 23 January 2017
  - Committee: 9 and 21 February 2017
  - Fell 3 May 2017
- Summary
  - *“A Bill To make provision about non-domestic rating in England; to amend Chapter 4ZA of Part 1 of the Local Government Finance Act 1992; to confer power on the Greater London Authority and certain local authorities in England to impose levies on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development; to confer power on certain local authorities in England to impose a levy on persons with certain property interests in a business improvement district to finance projects to be carried out in the district; and for connected purposes.”*





# LOCAL GOVERNMENT FINANCE BILL 2017 (PART 1: LOCAL GOVERNMENT FINANCIAL SETTLEMENT)

- Local Retention of Non-Domestic Rates
  - Clause 1: Local retention of 100% of non-domestic rates
  - Schedule 1: Local retention of non-domestic rates
  - Clause 2: Loss payments
  - Clause 3: Designation of areas by pools of authorities
- Council tax increases
  - Clause 4: Determination of principles for determining whether council tax excessive



# LOCAL GOVERNMENT FINANCE BILL 2017 (PART 2: NON-DOMESTIC RATING IN ENGLAND)

- Non-Domestic Rating Multipliers
  - Clause 5: Power to specify indexation rate for non-domestic rating multipliers
  - Clause 6: Power to reduce non-domestic rating multipliers
  - Schedule 2: Power to reduce non-domestic rating multipliers
- Reliefs
  - Clause 7: Relief for rural shops, etc.
  - Clause 8: Relief for telecommunications infrastructure
  - Schedule 3: Relief for telecommunications infrastructure
  - Clause 9: Discretionary relief for public toilets
  - Clause 10: Central non-domestic rating: other reliefs



# LOCAL GOVERNMENT FINANCE BILL 2017 (PART 2: NON-DOMESTIC RATING IN ENGLAND)

- Administration
  - Clause 11: Central non-domestic rating lists
  - Clause 12: Power to require billing authorities to offer electronic billing, etc.
  - Clause 13: Power to issue guidance about notices relating to non-domestic rates
  - Clause 14: Provision of digital etc. services by HMRC: preparatory expenditure



# SPRING BUDGET 2017 (08/03/17)

## Summary

In the Spring Budget 2016, the government announced major reforms to business rates worth approximately £9 billion over the next 5 years by the end of this Parliament. This included permanently doubling Small Business Rate Relief and extending the thresholds of the relief to ensure that 600,000 businesses will not pay business rates again.

The business rates revaluation takes effect in England from April 2017. In addition to the £3.6 billion transitional relief which was announced in November 2016, the government will provide £435 million of further support for businesses facing significant increases in bills from the English business rates system.





# SPRING BUDGET 2017

## (08/03/17)

- Extension of Small Business Rate Relief
  - 100% relief to hereditaments up to (and including) £12,000
  - Tapering of relief on hereditaments from £12,000 to £15,000
  - Application of small multiplier to hereditaments up to £51,000
- Commitment to more frequent Revaluations
  - At the Budget 2016, government announced its aim to deliver more frequent revaluations of properties ... at least every 3 years
  - The government will set out its preferred approach for delivering this aim in the Autumn Budget 2017 and will consult ahead of the next revaluation in 2022



## SPRING BUDGET 2017 (08/03/17)

- Support for Small Businesses losing Small Business Rate Relief
  - Limit increases in their bills to the greater of £600 or the real terms transitional relief cap for small businesses each year
  - Applied under Section 47 1988 Act
- Support for Public Houses
  - £1,000 business rate **discount** for public houses with a rateable value of up to £100,000 for one year
  - Applied under Section 47 1988 Act
- Discretionary Scheme
  - Provides English local authorities with funding to support £300 million of discretionary relief
  - Applied under Section 47 1988 Act



## IS SECTION 47 'FIT FOR PURPOSE'?

- Section 47(5A)
  - Need to take account of persons liable to pay the council tax
- Section 47(5C)
  - Must have regard to relevant guidance issued by the Secretary of State
- Section 47(7)
  - Restriction on backdating relief where decision made after 30 September
- Section 47(8A)
  - No relief to be awarded on an 'excepted' hereditament



# AUTUMN BUDGET 2017 (22/11/17)

## Summary

In the Spring Budget 2016, the government announced major reforms to business rates worth approximately £9 billion by the end of this Parliament, including ensuring that 600,000 businesses will not pay business rates again.

In the Spring Budget 2017, the government announced an additional £435 million in this Parliament to support businesses most affected by the recent revaluation.

In light of the recent rise in inflation, over the next 5 years, the government will provide a further £2.3 billion of support to businesses and improve the fairness of the system in England.





# AUTUMN BUDGET 2017

## (22/11/17)

- Multiplier
  - Bringing forward to 1 April 2018, the planned switch in indexation from RPI to the main measure of inflation (currently CPI)
- ‘Staircase Tax’
  - Legislating retrospectively to address the so-called ‘staircase tax’
  - Affected businesses will be able to ask the Valuation Office Agency (VOA) to recalculate valuations so that bills are based on previous practice backdated to April 2010, including those who lost Small Business Rate Relief as a result of the Court judgement
  - The government will publish draft legislation shortly



# AUTUMN BUDGET 2017

## (22/11/17)

- Support for Public Houses
  - Continuing the £1,000 business rate **discount** for public houses with a rateable value of up to £100,000, subject to state aid limits, for businesses with multiple properties, for one year from 1 April 2018
  - Applied under Section 47 1988 Act
- Commitment to more frequent Revaluations
  - Increasing the frequency with which the VOA revalues non-domestic properties by moving to revaluations every 3 years following the next revaluation, due in 2022
  - To enable this, ratepayers will be required to provide regular information to the VOA on who is responsible for business rates and property characteristics, including use and rent
  - The government will consult on the implementation of these changes in the spring





# LEGISLATION

- Primary
  - **Local Government Finance Act 1988**
  - Local Government and Housing Act 1989
  - Local Government and Rating Act 1997
  - Local Government Act 2003
  - Rating (Empty Properties) Act 2007
  - Localism Act 2011
  - Local Government Finance Act 2012
  - Enterprise Act 2016
  - *Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill 2018?*



# LEGISLATION

- Secondary
  - The Non-Domestic Rating (Demand Notices) (Amendment) (England) Regulations 2017 (S.I.2017/39)
    - \* General
      - Laid before Parliament on 25/01/17
      - Came in to force on 20/02/17
    - \* Purpose
      - Amended S.I.1989/1058 and S.I.2003/2613
      - Provided for an end to multi-billing and updated information on demand notices for the year 2017/18
  - Link

<http://www.legislation.gov.uk/uksi/2017/39/contents/made>





# LEGISLATION

- Secondary
  - The Non-Domestic Rating (Reliefs, Thresholds and Amendment (England) Regulations 2017 (S.I.2017/102)
    - \* General
      - Laid before Parliament on 08/02/17
      - Came in to force on 03/03/17
    - \* Purpose
      - Set out sums in Section 44 and S.I.2009/3177, amended S.I.2008/386 and revoked S.I.2012/148
      - Provided for new rules on small business rate relief and uplifted rateable values for stud farms and unoccupied rate exemption
  - Link

<http://www.legislation.gov.uk/ukSI/2017/102/contents/made>



# LEGISLATION

- Secondary
  - The Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 (S.I.2017/155)
    - \* General
      - Laid before Parliament on 17/03/17
      - Came in to force on 01/04/17
    - \* Purpose
      - Amended S.I.2009/2268
      - Provided a new system for resolving disagreements to have effect in relation to non-domestic rating lists compiled on or after 1st April 2017
  - Link  
<http://www.legislation.gov.uk/ukSI/2017/155/contents/made>



## CURRENT BILLS

- Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill 2017-19
  - General
    - \* Presented to Parliament by Sajid Javid MP on 04/07/17
    - \* Third reading in House of Lords on 06/12/17
  - Purpose
    - \* A Bill enabling relief from non-domestic rates in England and Wales to be conferred in respect of hereditaments used for the purposes of facilitating the transmission of communications by any means involving the use of electrical or electromagnetic energy
  - Link

<http://services.parliament.uk/bills/2017-19/telecommunicationsinfrastructurerelieffromnondomesticrates.html>.





## CURRENT BILLS

- Local Government Finance Bill 2017-19
  - General
    - \* Presented to Parliament by Peter Bone MP on 05/09/17
    - \* Second reading in House of Commons scheduled for 23/02/18
  - Purpose
    - \* A Bill to provide for 100 per cent retention of locally collected business rates
  - Link

<http://services.parliament.uk/bills/2017-19/localgovernmentfinance.html>



## CURRENT BILLS

- Hospital (Parking Charges and Business Rates) Bill 2017-19
  - General
    - \* Presented to Parliament by Peter Bone MP on 05/09/17
    - \* Second reading in House of Commons scheduled for 27/04/18
  - Purpose
    - \* A Bill to prohibit charging for car parking at NHS Hospitals for patients and visitors
    - \* To make provision for NHS Hospitals to be exempt from business rates
  - Link

<http://services.parliament.uk/bills/2017-19/hospitalparkingchargesandbusinessrates.html>



# DCLG INFORMATION LETTERS

<https://www.gov.uk/government/collections/business-rates-information-letters>

- (1/2017) : 24 January 2017
  - Non-Domestic Rate (Chargeable Amounts) (England) Regulations 2016
  - Updating of Business Rate Relief Thresholds
    - \* General
    - \* Factsheet on rural rate relief
    - \* NNDR1 returns
    - \* Local authority websites
  - The Local Government Finance Bill
  - Update on Better Billing Measures
  - Updates to Business Rate Explanatory Notes (Demand Notice) Regulations 2003
    - \* General
    - \* Explanatory notes





# DCLG INFORMATION LETTERS

<https://www.gov.uk/government/collections/business-rates-information-letters>

- (2/2017) : 9 March 2017
  - Spring Budget Measures
    - \* Supporting Small Businesses
    - \* Discretionary Relief Scheme
    - \* Support for Pubs
- (3/2017) : 9 March 2017
  - Notification of Multipliers 2017/18
    - \* 47.9 : Standard
    - \* 46.6: Small Business



# DCLG INFORMATION LETTERS

<https://www.gov.uk/government/collections/business-rates-information-letters>

- (4/2017) : 20 June 2017
  - Spring Budget Measures Update
    - \* Guidance
    - \* Administration
    - \* New burdens
    - \* Review of progress
  
- (5/2017) : 20 September 2017
  - Granting of Small Business Rate Relief - Backdated
  - Spring Budget Measures Update
    - \* Notification of a 'Name and Shame' list
    - \* Request for information
  - Local Authority Web Sites



# DCLG INFORMATION LETTERS

<https://www.gov.uk/government/collections/business-rates-information-letters>

- (6/2017) : 25 October 2017
  - Rural Rate Relief
    - \* Expectation that 50% discretionary relief will be awarded to those in receipt of 50% mandatory relief from 1 April 2018
  - Spring Budget Measures Update
    - \* Publication of the 'Name and Shame' list on the 'gov.uk' web site
- (7/2017) : 6 November 2017
  - Better Billing and Digitalisation Measures
    - \* Intention had been to legislate for electronic billing
    - \* No longer the intention but encourages billing authorities to implement
    - \* Commitment remains to standardise and simplify rate bills





# DCLG INFORMATION LETTERS

<https://www.gov.uk/government/collections/business-rates-information-letters>

- (8/2017) : 24 November 2017
  - Spring Budget Measures Update
    - \* Confirmation the 'Name and Shame' list to be continually updated
    - \* Administration and communication of reliefs
    - \* Data collection
    - \* New burdens
  - Autumn Budget Measures
    - \* Switch from RPI to CPI for business rates indexation
      - 49.3: Standard
      - 48.0: Small Business
    - \* 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 £1,000 business rates discount for pubs





# A TRIP DOWN MEMORY LANE (IRRV EAST ANGLIA ASSOCIATION: 25/05/07)

STEPHEN BYERS MP

13/07/01

*“Overall, council tax collection had improved slightly and many Councils are making a great effort. But half a billion pounds was not collected last year - that is money that could have been spent on local services. I have looked at the figures and I believe some Councils could do a lot more to improve their collection performance. **That is why I will be asking the Councils with the worst collection rate for an explanation of their bad performance.**”*

*I warmly welcome the willingness of the LGA to work with us on this, by encouraging some of the better collectors to help the worst through sharing knowledge and best practice.”*





# A TRIP DOWN MEMORY LANE (IRRV EAST ANGLIA ASSOCIATION: 25/05/07)

NICK RAYNSFORD MP

07/06/02

*“Overall, council tax collection had improved slightly and many Councils are making a great effort. The 40 million extra council taxes collected this year is a good start. However, half a billion pounds was still uncollected last year - that is money that could have been spent on local services.*

***I have looked at the figures and I believe there is still room for improvement. The Council Tax Collection Help Team which we set up with the LGA last year will continue its work to identify and tackle barriers to better performance and encourage good practice.”***





# A TRIP DOWN MEMORY LANE (IRRV EAST ANGLIA ASSOCIATION: 25/05/07)

NICK RAYNSFORD MP

07/06/02

*“I also recognise that the in year collection rate does not provide the full picture of the work authorities put in to collecting council tax. We will also be collecting and publishing authorities’ levels of arrears and performance in collecting them.*”

*I warmly welcome the willingness of the LGA to work with us on this, **by encouraging some of the better collectors to help the worst through sharing knowledge and best practice.**”*





# A TRIP DOWN MEMORY LANE (IRRV EAST ANGLIA ASSOCIATION: 25/05/07)

NICK RAYNSFORD MP

26/06/03

*“I am very pleased local authorities are continuing to improve on their collection of Council Tax. **By working in partnership with the LGA, we have been able to support councils in their efforts.** We will continue this partnership, in particular, with the development of a Good Practice Guide for local authorities.*

*It is important councils keep up their good work. The money collected for Council Tax is spent on essential public services and unpaid taxes create a burden for those residents who do pay”.*





# CONSULTATIONS

- 100% business rates retention: further consultation on the design of the reformed system (Extent: England)
  - General
    - \* Published 15/02/17
    - \* Responses due by 03/05/17
  - Summary
    - \* This consultation was part of a process of ongoing engagement and collaboration with interested parties on the design of reforms. It sought views on some of the detailed aspects on the design of the reformed system
  - Document
    - <https://www.gov.uk/government/consultations/100-business-rates-retention-further-consultation-on-the-design-of-the-reformed-system>
  - Institute response
    - [www.irrv.net/consultations](http://www.irrv.net/consultations)





# CONSULTATIONS

- Discretionary Business Rates Relief Scheme (Extent: England)
  - General
    - \* Published 09/03/17
    - \* Responses due by 07/04/17
  - Summary
    - \* This consultation paper sought views on the government proposal to make available a discretionary fund of £300 million to support those businesses most affected by the revaluation. The 3 areas were:-
      - Allocation of resources to local authorities
      - Arrangements for local authorities compensation
      - Operation and conditions of discretionary relief scheme
  - Document

<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

- Institute response

[www.irrv.net/consultations](http://www.irrv.net/consultations)





# CONSULTATIONS

- Business Rates Relief for New Fibre on Telecommunication Hereditaments (England)
  - General
    - \* Published 29/08/17
    - \* Responses due by 21/11/17
  - Summary
    - \* Sought views on the draft regulations to provide business rates relief for new fibre infrastructure
  - Document

<https://www.gov.uk/government/consultations/business-rates-relief-for-new-fibre-on-telecommunication-hereditaments>

- Institute response  
[www.irrv.net/consultations](http://www.irrv.net/consultations)





# CONSULTATIONS

- Parliamentary Inquiry into Business Rates Retention (England)
  - General
    - \* Published 02/11/17
    - \* Responses due by 14/12/17
  - Summary
    - \* Launched an inquiry in to Business Rates Retention in England
  - Document

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2017/business-rates-retention-17-19/>

- Institute response

[www.irrv.net/consultations](http://www.irrv.net/consultations)





## CASE LAW (2016/17)

- Non-Domestic Rate
  - Valuation (ATM's)
    - \* Sainsbury's Supermarkets Ltd & Sainsbury's Bank PLC and Others v Sykes (VO) and Others (2017)
  - Liability: Unoccupied Rate (Listed Buildings)
    - \* Burnley BC v Huron Properties Ltd (2016)
  - Reliefs: Reliefs (Charities)
    - \* R (On the Application of Mauritius Hindu Association) v Durham CC (2016)
  - Recovery (Ability to Pay)
    - \* Bibby v Coventry CC (2016)



# PUBLICATIONS

- House of Commons Library
  - Charitable Status and Independent Schools (19 September 2017)
    - \* <http://researchbriefings.files.parliament.uk/documents/SN05222/SN05222.pdf>
  - Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill: Briefing for Lords Stages (3 October 2017)
    - \* <http://researchbriefings.files.parliament.uk/documents/LLN-2017-0064/LLN-2017-0064.pdf>
  - Reviewing and Reforming Business Rates (23 November 2017)
    - \* <http://researchbriefings.files.parliament.uk/documents/CBP-7538/CBP-7538.pdf>
  - Business Rates (23 November 2017)
    - \* <http://researchbriefings.files.parliament.uk/documents/SN06247/SN06247.pdf>
  - Business Rates: the 2017 Revaluation (23 November 2017)
    - \* <http://researchbriefings.files.parliament.uk/documents/CBP-7722/CBP-7722.pdf>





# PUBLICATIONS

- IRRV
  - Annotated Rating Legislation
    - \* <http://www.irrv.net/homenew/item.php?iid=22114&wid=15&did=5>
  - Rating Law & Practice
    - \* <http://www.irrv.net/homenew/item.php?iid=22096&wid=15&did=5>
  - 2017 Rating List Transitional Arrangements Manual
    - \* <http://www.irrv.net/homenew/item.php?iid=26072&wid=15&did=5>
  - Local Taxation Case Law
    - \* <http://www.irrv.net/homenew/item.php?wid=15&iid=22089&did=4>
  - Business Rates: Your Guide
    - \* <http://www.irrv.net/homenew/item.php?wid=15&iid=22095&did=5>





# THE INSTITUTE

- Conferences
  - Spring (Leeds: 15 / 16 May 2018)
  - Annual (Telford: 9 to 11 October 2018)
- Professional Meetings
  - Representing the Council in the Magistrates Court
    - \* (25/01/18 : Manchester and 05/02/18: London)
  - Representing the Council in the Valuation Tribunal
    - \* (26/01/18 : Manchester and 19/02/18: London)
  - Non-Domestic Rate: Administration of Reliefs and Service of Completion Notices
    - \* (24/01/18 : Manchester and 30/01/18: London)
- Performance Awards





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# 'MY CRYSTAL BALL'





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