



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 (1/2015)

This is the first 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/business-rates-information-letters>,

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/busratesinformationletters/>.

- **Business Rates and Childcare Providers**
- **Extension of Transitional Relief for Small and Medium Properties - Guidance**

Business Rates and Childcare Providers

1. Ministers would like to encourage local authorities to consider using their business rates local discounts powers to support access to local high quality childcare provision.

2. The Government believes the provision of high quality childcare is crucial to stopping development gaps emerging and ensuring all children get the best

start in life. Good childcare provision can also help aid economic growth. We would therefore encourage authorities to consider using their powers to provide relief to childcare providers where there is a clear community benefit, such as where it would help with narrowing the gap, school readiness, or maternal employment. We would also like to remind authorities that central government funds 50% of the cost of any local discount granted.

3. Childcare providers may also be eligible for charity relief or Small Business Rate Relief.

4. Charities (organisations established for charitable purposes) receive 80 per cent relief where the charity is the rate payer, and the charity uses the property wholly, or mainly, for charitable purposes. Authorities are able to increase that up to 100% using their local discounts powers. Authorities can also use their local discounts powers to support voluntary organisations or social enterprises that are not charities.

5. Small Business Rates Relief – which provides up to 100% relief - is broadly available to ratepayers that occupy a single property with a rateable value below £12,000.

6. Further details can be found at the following link:

<https://www.gov.uk/introduction-to-business-rates/overview>

7. We would urge authorities to remind childcare providers of those important reliefs where in contact on wider matters.

8. Prompt payment is also critical to many childcare providers and failure to pay on time can lead to serious problems, ultimately putting at stake their ability to continue trading. We would also therefore like to remind local authorities of the need for prompt payment for services received, including funding for free early education entitlement places.

Extension of Transitional Relief for Small and Medium Properties - Guidance

9. The transitional relief scheme was introduced in 2010 to help those ratepayers who were faced with higher bills. The scheme ends on 31 March 2015 and as a result a small number of ratepayers will face a jump to their full rates bill from 1 April 2015. The government announced in the Autumn Statement on 3 December 2014 that it will extend to March 2017 the current transitional relief scheme for properties with a rateable value up to and including £50,000. The government has published guidance to authorities about the operation and delivery of the policy.

10. The government will, in line with the eligibility criteria set out in the guidance, reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended, to grant relief. It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share

of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). In view of the fact that such expenditure can be reimbursed, the government expects local government to grant discretionary relief to qualifying ratepayers.

The guidance can be found at:

<https://www.gov.uk/government/publications/business-rates-extension-of-transitional-relief-for-small-and-medium-properties>.