

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2759

Title: Crossrail Business Rates Supplement – Approval of Policies for 2021-22

Executive Summary:

This proposal asks the Mayor to approve the policies for the Crossrail 1 Business Rate Supplement ("Crossrail BRS") for 2021-22 including the multiplier (or tax rate) and the rateable value threshold above which it will apply having regard to the contents of the final prospectus for the Crossrail BRS published in 2010. The rateable value threshold above which the BRS will apply remains at £70,000 and the multiplier will be 2p. The 2021-22 policies will not be affected by the additional contribution of £825 million the GLA will make to the Crossrail project under the funding deal agreed with the Government on 30 November 2020.

The Crossrail BRS is collected by the 32 London boroughs and the City of London Corporation on behalf of the GLA. The Mayor is also asked to authorise the Executive Director, Resources to issue a notification to each London billing authority under section 18 of the Business Rate Supplements Act 2009 ('BRS Act') setting out the final policies for the Crossrail BRS in 2021-22 and the supporting explanatory text for ratepayers. This will enable billing authorities to make the necessary arrangements for the inclusion of the Crossrail BRS in 2021-22 non-domestic rates bills which are due to be issued in March 2021.

The GLA expects to apply £155 million of BRS and Mayoral Community Infrastructure Levy revenues in 2021-22 to fund the financing costs on its Crossrail related borrowing with the balance set aside for debt repayment. The GLA's residual Crossrail debt is expected to be over £4.6 billion by 31 March 2022.

Decision:

The Mayor approves the following policies for the Crossrail BRS for the 2021-22 financial year:

- the Crossrail BRS will apply for the full 2021-22 financial year across the entire GLA area;
- the Crossrail BRS multiplier (or tax rate) shall be set at 2p per pound of rateable value;
- the rateable value threshold above which the Crossrail BRS applies shall be £70,000; and
- any reliefs for the Crossrail BRS will continue to apply on the same basis and at the same percentage rate as for National Non-Domestic Rates (NNDR) having regard to the local policies in place in the 33 London billing authorities and those set by central government. Section 45 ratepayers (that is, those owning or entitled to occupy empty properties) will not be exempt from the Crossrail BRS as a class. The same automatic empty property reliefs will apply, however, at the same percentage rate to the Crossrail BRS as for NNDR. The GLA will not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District.

The Mayor authorises the Executive Director, Resources to issue a notification of the above policies to the 33 London billing authorities as required by section 18 of the Business Rate Supplements Act 2009 (BRS Act) and the explanatory note for non domestic ratepayers for 2021-22 as set out in Appendix A.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority. The above request has my approval.

Signature



Date

11/2/21

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Between 2010-11 and 2015-16 the GLA made a contribution of £4.1 billion towards the Crossrail project (now named the “Elizabeth line”) by means of a capital grant paid to Transport for London. This was financed by a business rate supplement on non-domestic ratepayers in London (“the Crossrail BRS”) introduced in April 2010 following the publication of a final prospectus in January 2010 which set out the policies for, and intended application of, the revenues generated. This £4.1 billion contribution comprised two elements: around £3.3 billion of borrowing by the GLA (the interest on and repayment of which is being financed by the revenues from the BRS) and an additional £0.8 billion direct contribution towards construction costs. The GLA has also made a separate notional direct contribution through revenues raised by the Mayoral Community Infrastructure Levy (MCIL) towards Crossrail between 1 April 2012 and 31 March 2018 albeit in practice TfL collected and retained these funds directly from the 35 local planning authorities.
- 1.2 In MD2398 published in December 2018 the Mayor agreed that the GLA would provide a further £1.4 billion contribution towards the Crossrail project in order to fund the then forecast cost overrun arising from the delay in the opening of the Elizabeth line. This entire contribution has now been transferred to TfL. That £1.4 billion contribution comprised £100 million of unapplied BRS revenues held as a provision against revaluation, financing cost and business rates appeals risks from prior years and a £1.3 billion loan from the Department for Transport (DfT). This loan is being financed and repaid using revenues from the Crossrail BRS and MCIL. The use of MCIL to finance and repay this debt was made possible by a change in secondary legislation which the Government made in May 2019. It was also agreed that TfL would also make a separate contribution of up to £750 million financed from its own revenues towards the project in addition to the GLA’s.
- 1.3 In November 2019, Crossrail Limited announced that the opening of the central section of the Elizabeth line would not occur until 2021 and that between £400 million and £650 million additional funding might be required to complete the project (at P50 and P80 confidence levels respectively). In August 2020, it announced that the opening of the central section would likely not occur until 2022 and that about £450 million further additional funding may be required to complete the project, taking the total new funding shortfall to about £1.1 billion (at a P80 confidence level).
- 1.4 In Mayoral Decision 2702 published on 30 November 2020 it was agreed that the GLA would provide up to a further £825 million contribution to TfL to allow the completion of the Crossrail project. This additional sum will be borrowed from the DfT and financed and repaid using Crossrail BRS and MCIL revenues. Of the £825 million, £325 million is borrowing which will, ultimately, be forgiven by the Government if BRS and MCIL revenues (or any replacement revenues made available to the GLA by the Government should future legislative changes mean the BRS or MCIL can no longer be levied) are insufficient to fund its repayment. Under the terms of the November 2020 agreement the Government committed to amend the CIL regulations to permit the GLA to use MCIL revenues to finance and repay its Crossrail debt up to 31 March 2043 (from the current 2033 end date). The required change to secondary legislation has been laid before Parliament and was considered by the House of Commons on 8 February 2021.
- 1.5 Following the December 2018 and November 2020 funding agreements it is now anticipated that the GLA will contribute £6.925 billion in total towards the cost of the Crossrail project from BRS and MCIL revenues. This comprises £4.1 billion paid prior to 2015-16 via the BRS, a £0.6 billion direct contribution from MCIL and other developer contributions received prior to 2018-19, the additional £1.4 billion contribution agreed in MD2398 and the most recent £825 million contribution approved in MD2702.

- 1.6 The final Crossrail BRS prospectus published in January 2010 stated that the supplement would operate for a period of 24 to 31 years (i.e. up to March 2041) with a target end date during the 2037-38 financial year, be set at a rate no higher than 2p per pound of rateable value (the maximum permitted by the BRS Act), would raise no more than £8.1 billion and only apply to ratepayers of hereditaments which exceeded a rateable value threshold – currently £70,000 – which would be revised at each business rates revaluation.
- 1.7 Due to the lower interest rates achieved by the GLA on its original £3.3 billion of borrowing, the marginally higher than anticipated revenues generated from the BRS since it was introduced, the rate agreed with the Government for the first £1.3 billion tranche of DfT borrowing and the rate expected for the additional £825 million of DfT borrowing, the GLA remains confident that it will be able to accommodate the financing and repayment costs arising from any additional contribution while remaining within the overall parameters set out in the 2010 prospectus.
- 1.8 The GLA now estimates that the BRS for the Crossrail 1 project may need to run until 31 March 2041 which is the latest envisaged end date set out in the Crossrail BRS final prospectus. The precise end date will be dependent on a number of factors including the sums raised in BRS and MCIL over the next two decades. The GLA remains of the view, however, that the total sums needed to be raised from the BRS will remain within the £8.1 billion envelope set out in the prospectus. Similarly the Executive Director Resources is confident that the additional borrowing is sustainable and affordable and is in compliance with the requirements of the CIPFA Prudential Code.
- 1.9 The additional contributions set out above will not affect the Crossrail BRS policies for 2020-21 or 2021-22 as the GLA is levying the maximum 2p charge permitted under the BRS Act and cannot vary the rateable value condition under the Crossrail BRS prospectus except in a revaluation year.
- 1.10 This Decision asks the Mayor to approve the BRS policies for 2021-22 which are unchanged from 2020-21. Additional supporting background and information is set out in this Decision.

2. Objectives and expected outcomes

- 2.1 The power for the GLA to levy the Crossrail BRS was granted under the BRS Act. Under that Act and associated regulations, the GLA may only levy the Crossrail BRS on hereditaments on the 33 local billing authority rating lists in London where the rateable value exceeds £50,000 – although a higher qualifying threshold can be set – and charge a multiplier (or tax rate) of no more than 2p.
- 2.2 This report asks the Mayor to approve the proposed policies for the Crossrail BRS for 2021-22 having regard to the final prospectus issued in January 2010: 'Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail Project – Final Prospectus' ("the Final Prospectus").
- 2.3 The policies may be varied annually having regard to section 10 of the BRS Act and the variations policies set out in section 9 of the final prospectus. The policies proposed to apply in 2021-22 are consistent with those set out in the final prospectus and are unchanged from 2020-21. Following the 2017 revaluation the qualifying threshold (the 'rateable value condition' under section 12 of the BRS Act) was increased from £55,000 to £70,000 in line with the average change in rateable values for properties liable to the BRS – this being the variation policy set out in the final Crossrail BRS prospectus in a revaluation year. This threshold is expected to be maintained for the length of the 2017 rating list in line with the policy set out in the final prospectus. The Government is now legislating for the next revaluation to take place in 2023-24 and therefore this threshold is expected to be reviewed again prior to April 2023. There are also significant downside risks in relation to business rates valuations arising from Material Change of Circumstances challenges arising from the impact of the COVID-19 pandemic on offices and other sectors which is causing the GLA to apply a

much higher assumed loss of revenues. The supporting arguments for the proposed policies are set out in section 4.

2.4 The Decision asks the Mayor to agree the following policies for the Crossrail BRS in 2021-22:

- the Crossrail BRS will apply for the full 2021-22 financial year across the entire GLA area;
- the Crossrail BRS multiplier (or tax rate) shall be set at 2p per pound of rateable value for the 2021-22 financial year;
- the rateable value threshold above which the Crossrail BRS shall apply in the 2021-22 financial year will be set at £70,000. This represents a relief granted by the GLA under section 15 of the BRS Act as the proposed threshold exceeds the minimum £50,000 rateable value threshold specified in the Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009;
- any reliefs for the Crossrail BRS will apply on the same basis and at the same percentage rate as for National Non-Domestic Rates (NNDR) having regard to any national policies set by the Secretary of State and any discretionary local policies in place in the 33 London billing authorities;
- section 45 ratepayers (that is, those owning or entitled to occupy empty properties) will not be exempt from the Crossrail BRS as a class. However, the same empty property reliefs and exemptions for certain categories of ratepayer or property (e.g. the majority of listed buildings, empty properties occupied by registered charities and newly empty properties for between 3- 6 months) will apply at the same percentage rate to the Crossrail BRS as for NNDR; and
- the GLA will not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District (BID).

2.5 The Mayor is also asked to agree that the Executive Director, Resources be authorised to issue a formal notification of the above policies to the 33 London billing authorities as required by section 18 of the BRS Act (Appendix A). The Mayor is also asked to agree the proposed communication to non-domestic ratepayers for 2021-22 as set out in Annex F to that notification. This will either be circulated to ratepayers alongside their 2021-22 rates bills or alternatively made available on billing authority websites depending on the mechanism by which the authority has decided to communicate explanatory supporting information using their discretion under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended by the Non-Domestic Rating (Electronic Communications) (England) Order 2012).

2.6 The GLA expects to apply up to £155.0 million of the BRS and MCIL revenues collected in 2021-22 to fund interest due on its current and future Crossrail debt. This recognises that part of this cost will be financed from MCIL revenues having regard to the powers granted to the GLA to apply these revenues for Crossrail related borrowing under the Community Infrastructure Levy (Amendment) (England) Regulations 2019. The balance of the BRS and MCIL income collected not applied for interest payments will be applied to finance the repayment of the GLA's debt in future years and the costs associated with the administration of this debt and the BRS itself.

3. Equality comments

3.1 Public authorities such as the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not, under section 149 of the Equality Act 2010. This involves having due regard to the need to removing or minimising any disadvantage suffered by those who share a relevant protected characteristic that is connected to that characteristic, taking steps to meet the different

needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low.

- 3.2 The “protected” characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/civil partnership status. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a decision is taken in the exercise of the GLA’s functions. Conscientious regard must be had that is appropriate in all of the circumstances.
- 3.3 The Crossrail BRS is applied on a consistent basis across the GLA area and is subject to the provisions of the BRS Act and parallel national non-domestic rating legislation. In 2021-22 the BRS will only be levied on large assessments on the local non-domestic rating list with a rateable value above £70,000. As a result, around 85 per cent of non-domestic hereditaments – including the vast majority of premises occupied by small and medium sized enterprises – in London will be exempt from the supplement. It is considered that the proposed BRS policies are consistent with the GLA’s statutory duties and nondomestic rating legislation. Given that the BRS is restricted to larger business premises only, is applied consistently across the GLA area, amounts in 2021-22 to an average of less than 5 per cent of affected ratepayers total business rates bill and is collected and enforced through existing non-domestic rating legislation no specific adverse equalities impacts are considered to arise from it. As referred to in paragraph 4.7 below, the Final Prospectus for the Crossrail BRS took into account responses to a consultation on the Initial Prospectus with all of those anticipated to be affected by the proposals.

4. Other considerations

Links to Mayoral strategies

- 4.1 As highlighted in the Mayor’s Transport Strategy published in March 2018 Crossrail will bring huge economic benefits to the whole of London and the UK in the long term. It will provide additional transport capacity to enable the concentration of highly productive economic activity in central London to continue to grow and add 10 per cent to central London’s rail capacity. Research estimates prior to the COVID-19 pandemic forecast that Crossrail would generate around £42 billion for the UK economy through faster journey times, job growth and increased productivity. London’s growth aids the national economy, not least through the taxes generated for the Exchequer.
- 4.2 The Crossrail BRS, either directly or to support the financing and repayment of GLA borrowing, funded £4.1 billion of the costs of the Crossrail project between 2010-11 and 2015-16 comprising £3.3 billion of GLA borrowing and a £0.8 billion direct contribution from BRS revenues. In addition, it was agreed in Mayoral Decisions 2398 and 2702 in December 2018 and November 2020 that the GLA would provide an additional £2.225 billion contribution to the Crossrail project – comprising £2.125 billion of GLA borrowing and a £100 million direct contribution from BRS revenues – paid as a capital grant to TfL. The GLA’s outstanding Crossrail borrowing will be financed and repaid from a combination of MCIL and BRS revenues.
- 4.3 The impact of these additional tranches of borrowing as outlined above is that the potential end date for the use of the BRS for the Crossrail 1 project may now be as late as March 2041 or 31 years from the introduction of the BRS. The total sum raised in BRS is estimated, however, to remain below £8.1 billion. This remains consistent with the parameters set out in the final prospectus.
- 4.4 Without the funding provided through the BRS it would not be possible to deliver the entire Crossrail project under the revised financing and funding package.

Impact assessments and consultation

- 4.5 Under the BRS Act the GLA may only levy the Crossrail BRS if:
- a) it has published a document that sets out the proposal for the imposition of the BRS ("the Initial Prospectus");
 - b) it has consulted the relevant persons on the proposal;
 - c) where there is to be a ballot on the imposition of the BRS, the ballot has been held and the imposition of the BRS approved; and
 - d) it has published a document that sets out the arrangements for the imposition of the BRS ("the Final Prospectus").
- 4.6 The Initial Prospectus for the Crossrail BRS was published in July 2009. A summary of the Initial Prospectus was also sent to named ratepayers of all business premises at that date with a rateable value of £30,000 or higher on the London rating list at that time on the basis that properties below the £50,000 statutory minimum could have become liable for the BRS following the 2010 rating revaluation or at some time in the future.
- 4.7 The Final Prospectus for the Crossrail BRS – 'Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail Project' – was published in January 2010. In developing its policies for the Final Prospectus the GLA had regard to the following factors:
- the responses submitted to the Initial Prospectus;
 - the agreed contributions to be made by the GLA to the Crossrail project and its financing costs associated with those contributions;
 - the publication of the draft 2010 draft valuation list of non-domestic properties in London and the resulting changes to the projected income from the Crossrail BRS over the period of the next revaluation; and
 - the BRS Act (and any regulations laid or expected to be laid in relation to it) and relevant existing business rates legislation and regulations.
- 4.8 One material change to the proposals in the Initial Prospectus which was included in the Final prospectus for the Crossrail BRS was to raise the rateable value threshold for the Crossrail BRS from the statutory minimum specified in the Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009 of £50,000 to £55,000 using the reliefs powers granted to the GLA under section 15 of the BRS Act. The effect of this change was to exempt around 4,000 properties on the 2010 rating list from the Crossrail BRS thus targeting relief mainly at small and medium sized businesses as well as smaller not for profit assessments such as nurseries and primary schools. This meant only hereditaments with a rateable value of £55,001 or more would be liable for the Crossrail BRS for the duration of 2010 rating list. The Final Prospectus made clear that it was the GLA's intention to retain the same policies until the next revaluation of non-domestic rating assessments. Following the 2017 revaluation the threshold was increased to £70,000 by uprating the previous £55,000 figure by the average change in rateable values for properties liable to the BRS in line with the variations policies set out in the prospectus in a revaluation year.
- 4.9 The GLA did not hold a ballot prior to the introduction of the Crossrail BRS. This decision was taken having regard to section 27(6) of the BRS Act which provided an exemption from the ballot requirements for a BRS introduced prior to 1 April 2011. Section 68 of the Localism Act 2011, which amended the BRS Act to make ratepayer ballots mandatory before a BRS could be introduced, does not apply to the Crossrail BRS as it has no retrospective effect. If variations are made which are not in compliance with these policies a revised prospectus would also need to be published for consultation with ratepayers and other stakeholders before any changes could be made. At the date this Decision was approved the GLA considers that no such variations outside the scope of the final prospectus have been made.

- 4.10 The Final Prospectus made clear that the reliefs policies for the Crossrail BRS would apply on the same basis as for National Non-Domestic Rates ("NNDR") as required under the BRS Act. This also applies on a pro rata basis to any discretionary relief powers introduced under the legislative changes made through section 69 of the Localism Act. The Localism Act amended section 47 of the Local Government Finance Act 1988 to permit billing authorities to grant discretionary relief to any ratepayer subject to state aid rules including those reliefs, if applicable, which the Government commits to fund the costs of in 2021-22 in respect of retained NNDR. In respect of the BRS the GLA bears the losses arising from these reliefs via reduced levels of income.
- 4.11 In 2020-21 a Government funded 100 per cent relief scheme was introduced for NNDR for businesses in the retail, leisure, hospitality and childcare (RLHC) sectors using powers granted under section 47 of the 1988 Act. These relief schemes also apply to the Crossrail BRS on the same basis and at the same rate as required by section 13 (7) of the BRS Act 2009. The Government is not expected to confirm whether the RLHC relief schemes will continue in 2021-22 in full or in part until the Budget on 3 March which creates significant uncertainty as to the level of income which will be raised from the BRS in 2021-22. In 2020-21 these relief schemes are estimated to reduce the level of BRS revenues received by the GLA by over £85 million or more than 30 per cent.
- 4.12 The final prospectus also confirmed that section 45 ratepayers (i.e. those occupying or entitled to occupy empty properties) would be liable for the BRS except where they were eligible for empty property relief under NNDR (e.g. newly empty properties, certain listed buildings and those where the ratepayer is a registered charity). The Final Prospectus stated that the GLA would not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District (BID). It was considered that this would be inequitable as many of the largest Business Improvement Districts are directly on the Crossrail route or close to it.

Varying the Crossrail BRS

- 4.13 The final Crossrail BRS prospectus published in 2010 set out the policies for revising the BRS at each revaluation and 2017 was the first revaluation which has occurred since the supplement was introduced.
- 4.14 The prospectus wording committed the Mayor to uprate the initial £55,000 qualifying rateable value threshold 'in line with' or 'having regard to' the average percentage change in rateable values in a revaluation year. The estimated average increase in rateable values for all properties with a rateable value above £55,000 – those potentially liable to the BRS – was estimated by the GLA to be 27 per cent based on the 2017 rating list.
- 4.15 Up-rating £55,000 by 27 per cent delivered a threshold of £69,850 – which in line with convention that the threshold should be rounded to the nearest £1,000 – resulted in a revised threshold for the 2017 rating list of £70,000. It was therefore agreed by the Mayor – in compliance with the prospectus – that the qualifying threshold be set at £70,000 – £15,000 higher than the level in 2016-17 (the final year of the 2010 rating list). In line with the variation policies set out in the final Crossrail BRS prospectus the threshold will be maintained at £70,000 in 2021-22. As required under the final prospectus this threshold will be reviewed for the 2023-24 financial year as a new rating list is expected to be introduced on 1 April 2023. This is subject to the Non-Domestic Rating (Lists) (No. 2) Bill 2019-21 completing its final stages in Parliament and receiving Royal Assent.
- 4.16 Annex D to the draft section 18 notice at Appendix A sets out the estimated maximum number of properties which could be liable to the BRS in 2021-22 using the £70,000 threshold based on the most recent data supplied by London billing authorities. It is estimated on this basis that just over 47,000 properties could be liable to pay the BRS in 2021-22 – equivalent to around 14.5 per cent of assessments on the current local rating list across the GLA's area.

- 4.17 At least 85 per cent of hereditaments on the local rating list are forecast to be exempt from the BRS across London in 2021-22 ranging from around 71 per cent in Westminster to more than 94 per cent in Harrow, Lewisham, Redbridge and Waltham Forest.
- 4.18 The prospectus also states (section 9) that while it is the intention to apply a 2p rate throughout the life of the BRS *'It is not, however, impossible that if interest rates were to be lower than expected or the BRS taxbase higher than expected following a future revaluation the GLA could levy a lower multiplier than 2p in one or more (five year) valuation period'*. Page 96 of the prospectus outlines the six factors that the GLA will take into account when deciding to make variations to the BRS policies. Under section 10 of the BRS Act any variations made to the policies for the BRS which are not made in accordance with the final prospectus would require the GLA issue a revised prospectus for consultation before making any changes. These six factors are:
- a) the economic position at that time;
 - b) the level of reliefs applying for different categories of ratepayer at that time under NNDR (which might also impact on the Crossrail BRS);
 - c) the GLA's projections at this stage assume rates of relief will remain broadly constant over the lifetime of the Crossrail BRS;
 - d) the impact of each (five year) revaluation on London's NNDR taxbase;
 - e) variations to the length of the Crossrail BRS arising from changes in interest rates, the cost of the project and the taxbase where this meant that the chargeable period would be less than 24 years or more than 31 years; and
 - f) the views of London's business community, the 33 London billing authorities and other non-domestic ratepayers.
- 4.19 In considering the above criteria in determining whether to vary the policies for the BRS in 2021-22, the GLA notes the ongoing impact of increases in national non-domestic rating bills which many larger ratepayers in London have faced since the 2017 revaluation. There is no provision, however, for a transitional relief scheme to be applied for the BRS under existing legislation and therefore a ratepayer's BRS liability increases or decreases proportionately in line with their change in rateable value following each revaluation.
- 4.20 In determining the final BRS policies for 2021-22 the Mayor has again had to balance the impact on ratepayers against the need to ensure that the GLA's Crossrail debt is financed and repaid in line with the agreed profile set out in the final prospectus taking into account the impact of the additional GLA contribution required to be made towards the Crossrail project and the terms of its funding agreements with the DfT.
- 4.21 The GLA estimates that a 2p BRS multiplier will raise approximately £272 million in 2021-22 if RLHC relief does not continue and £186 million if it does before estimated collection and valuation losses. These figures represent the sums expected to be collectable from ratepayers during the financial year as opposed to the sums which may ultimately be received. These estimates are reduced to £271.6 million and £185.5 million respectively once allowable billing authority administrative expenses of around £0.4 million are deducted. The apportionment of these aggregate sums by billing authority is set out in Annex E to Appendix A.
- 4.22 Unlike National Non-Domestic Rates (NNDR) where provisions are applied for expected appeals in each financial year the BRS operates on a cash receivable basis with refunds arising from successful appeals being accounted for in the year in which they occur. After applying an assumed 14 per cent valuation and collection losses reflecting the potential impact of the COVID-19 pandemic on valuations in the office sector and expected high levels of non-collection the GLA estimates that the actual sum which will ultimately be available to it to finance and repay its Crossrail debt in 2021-22 net of provisions will be £233.5 and £159.5 million respectively under the above two scenarios.

- 4.23 Alternative options for the multiplier have been examined but in light of the potential uncertainty around rateable value growth at future revaluations, the need to ensure the GLA's Crossrail debt is repaid as soon as practical within the time horizons set out in the final prospectus and the terms of the funding agreements with DfT it would not be prudent or possible at this stage to vary the multiplier and lower the 2p rate in 2021-22.
- 4.24 The Mayor will of course need to keep the policies for the BRS under review each year as required by the final prospectus which permits the multiplier to be varied in any financial year albeit it can be no higher than 2p under the BRS Act. It should be noted, however, that under the most recent funding agreement with the Government, if the Mayor takes any action, beyond variations to the policies required to be made under the final Crossrail BRS prospectus (such as revising the £70,000 threshold in a revaluation year) or by regulation or legislation, which have a negative impact on the collection rates of the BRS (or MCIL), then the £325 million tranche of limited recourse borrowing as set out in paragraph 1.4 will become fully repayable.

Other relevant information relating to the billing and administration of the BRS

- 4.25 The Crossrail BRS is collected and enforced in parallel with NNDR bills. NNDR is collected on behalf of central government by lower tier (district) authorities. In London these are the 32 London boroughs and the Common Council of the City of London. Both charges are included on the same bills which, for 2021-22, will be sent out to non-domestic ratepayers by the 33 London billing authorities before the end of March 2021. The BRS is administered in line with regulations issued by the Secretary of State for Communities and Local Government under the BRS Act.
- 4.26 Billing authorities are permitted to recover ongoing collection and recovery costs (their further administrative expenses) for each year that the Crossrail BRS is levied subject to any limits which may be prescribed by the relevant BRS regulations i.e. the Business Rate Supplements (Administrative Expenses) (England) Regulations 2010 (the 'administrative expenses' regulations).
- 4.27 Billing authorities' further administrative expenses for the twelfth year of the BRS (2021-22) will equate to 0.15 per cent of the BRS income collectable by the GLA (provisionally estimated at £0.43 million across all 33 authorities) as prescribed by the administrative expenses regulations. For 2021-22 it is proposed that the GLA guarantees that no billing authority receives a collection allowance below £6,000 to provide additional capacity to billing authorities with low BRS taxbases. Billing authorities deduct any ongoing collection costs from the sums they pay to the GLA during the course of the financial year in equal monthly instalments.
- 4.28 Under section 18 of the BRS Act the GLA is required to issue a formal notification to each billing authority setting out the final policies, including the information specified in the BRS Act, for the BRS by 1 March although in practice this must be published by mid-February to facilitate billing. This will enable billing authorities to make the necessary arrangements for the inclusion of the BRS on 2021-22 rates bills which are due to be circulated to ratepayers from early March 2021. The proposed text for this notice is set out at Appendix A.
- 4.29 The Mayor is also asked to authorise the proposed explanatory note for non-domestic ratepayers as set out in Annex F to the proposed section 18 letter at Appendix A. At the discretion of each billing authority this will either be circulated to all non-domestic ratepayers in London as part of the communications supplied with their initial rates bill for 2021-22 or alternatively made available for inspection on that authority's website. It will also be placed on the Crossrail BRS homepage on the GLA website: www.london.gov.uk/crossrail-brs.

Risks

- 4.30 The potential risks associated with the BRS were addressed in the final prospectus published in January 2010. Section 9 of the final prospectus addressed the implications for the BRS of the

Crossrail project being delayed or the costs increasing above those budgeted and set out the circumstances under which the BRS policies may be varied.

- 4.31 Section 10 of the BRS Act as amended by the 2011 Localism Act exempts the Mayor from having to hold a ballot of ratepayers to approve variations made outside the scope of the prospectus as the Crossrail BRS was introduced before this legislative change was made. However, should such an eventuality arise a revised prospectus would need to be published and consulted on before any changes could be made.
- 4.32 The GLA contributed £4.1 billion towards the Crossrail 1 project through the BRS between April 2010 and 31 March 2016. Of this £0.8m was a direct contribution from BRS revenues towards the project cost and the remaining £3.3 billion has been met through borrowing. In addition, the GLA agreed a further contribution of £1.4 billion towards the Crossrail 1 project in December 2018 and a further £825 million contribution in November 2020 which is intended to be financed by BRS and MCIL revenues. The impact of these additional contributions is not anticipated by the GLA, however, to result in the maximum duration, total proceeds raised or the tax rate applied exceeding the parameters set out in the final prospectus.
- 4.33 The final prospectus assumed the BRS would run for a period of 24 to 31 years (i.e. ranging from an end date of 2033-34 to 2040-41) and raise no more than £8.1 billion. These prospectus assumptions remain valid as the financing and repayment of the additional GLA contributions is not expected to result in the BRS being extended beyond the current 2041 latest possible end date envisaged or in the GLA having to raise more than £8.1 billion through it. As the tax policies, collectable amount and duration remain unchanged there is no variation therefore to the BRS itself. In the event that these circumstances change the Mayor will consider the case for issuing a revised prospectus for consultation prior to approving the tax policies for the subsequent financial year.

Application of BRS revenues in 2021-22

- 4.34 The GLA is forecast to incur £155.0 million in interest costs on its estimated outstanding Crossrail related borrowing during 2021-22 based on the most recent agreed funding package which will be financed via the BRS and MCIL and will set aside the balance of the revenues raised from those two sources to repay its Crossrail debt and associated administration costs. The interest costs financed by BRS and MCIL revenues are forecast to exceed 25 per cent of the GLA's estimated gross revenue expenditure in 2021-22 on services if expenditure funded by Government specific grants (e.g. adult education) is excluded. The successful ongoing implementation and administration of the Crossrail BRS and MCIL is critical therefore to the GLA's medium-term planning.
- 4.35 The GLA is actively managing its Crossrail debt portfolio and monitoring its BRS revenues from London billing authorities to ensure the risks to the GLA budget arising from this are mitigated. As identified above the GLA will also set aside a proportion of the expected BRS revenues for 2021-22 – to manage future risks in relation to valuation and collection losses. It is estimated that by 31 March 2022 around £2.7 billion of BRS revenues will have been collected since the supplement was introduced in 2010-11.

5. Financial comments

- 5.1 The income raised through the Crossrail BRS in the 2021-22 financial year net of billing authority administrative expenses and rating reliefs is estimated at this stage to range between £159.5 million to £233.5 million after an allowance for collection and valuation losses depending on whether the retail, leisure, hospitality and childcare sector relief schemes in place in 2020-21 continue in full or in part in 2021-22.
- 5.2 Around £155.0 million of the combined BRS and MCIL revenues is expected to be used to finance the GLA's estimated interest costs with the balance applied to repay its Crossrail debt. The actual

sums collectable in 2021-22 taking into account reliefs and losses on collection will be forecast by London billing authorities before the end of March 2021 and will be dependent on any announcements made by the Chancellor in his Budget on 3 March on business rates reliefs.

- 5.3 In line with the final prospectus it is estimated that the BRS for the Crossrail 1 project will run for a period of 24 to 31 years with an end date no later than 31 March 2041 and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards the Crossrail 1 project construction costs.

6 Legal comments

- 6.1 The GLA was granted the power to levy a Business Rate Supplement (BRS), for purposes such as Crossrail, under section 1 of the BRS Act. Section 3 of the BRS Act provides that the 32 London boroughs and the Common Council of the City of London – as the billing authorities for national non-domestic rates in the capital – are required to collect the Crossrail BRS following a direction from the GLA.
- 6.2 The GLA introduced the Crossrail BRS, commencing in April 2010, in accordance with the conditions under section 4 of the BRS Act as it then was (and section 7 as modified by section 27 of the BRS Act).
- 6.3 The Final Prospectus (required under the BRS Act) published in January 2010 set out the proposed policies for the Crossrail BRS in more detail. In preparing those policies the GLA had regard to the BRS Act and the relevant applicable secondary legislation.
- 6.4 The GLA is required to comply with the requirements of the abovementioned legislation and ensure consistency with the policies contained in the Final Prospectus when setting the policies that will apply to the Crossrail BRS in 2021-22.
- 6.5 The GLA is required to issue a formal written notification under section 18 of the BRS Act to the 33 billing authorities in London, authorising them to collect a BRS on its behalf. This report asks the Mayor to agree to this formal notice being issued. The proposed text for the section 18 notice – including supporting Annexes and the ratepayer communication – is set out at Appendix A.

7 Planned delivery and next steps

- 7.1 The 2021-22 BRS policies will be formally notified to billing authorities through the issuing of the section 18 notice required under the BRS Act. The statutory deadline for issuing this is 1 March but in practice this must be issued in early February in order that they can make the necessary arrangements for billing. Those authorities will then issue bills to ratepayers during March 2021 for 2021-22 on which the Crossrail BRS liability due – if applicable – will be set out.
- 7.2 Billing authorities will also provide forecasts of the actual income they expect to collect in 2021-22 by 31 March 2021. These forecasts will represent the instalments paid to the GLA during the year net of a 5 per cent contingency as required by the BRS regulations. The actual amounts collected in 2021-22 will be confirmed by billing authorities by 30 April 2022 after which a reconciliation payment adjustment will be made by the end of June 2022.

Appendices:

Proposed Section 18 Notice Under the BRS Act 2009 to the Director of Finance/Borough Treasurers of the 32 London Boroughs and the Chamberlain of the City of London Corporation (Appendix A)

Background/supporting papers

Proposal to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail project – Initial prospectus' (GLA July 2009) – available at www.london.gov.uk/crossrail-brs

'Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail project – Final prospectus' (GLA January 2010) – available at www.london.gov.uk/crossrail-brs

MD2398 – Crossrail further funding update and related matters

MD2430 – Crossrail Business Rates Supplement - Final Policies for 2020-21

MD2702 – Additional funding for Crossrail

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Martin Mitchell has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

David Gallie has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal. The proposal originates from Finance.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 8 February 2021.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

8 February 2021

D. Gallie

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

8 February 2021

D. Bellamy

PROPOSED SECTION 18 NOTICE UNDER THE BUSINESS RATES SUPPLEMENT ACT 2009 TO THE SECTION 151 OFFICERS (I.E. THE DIRECTOR OF FINANCE OR BOROUGH TREASURER) OF THE 32 LONDON BOROUGHs AND THE CHAMBERLAIN OF THE COMMON COUNCIL OF THE CITY OF LONDON

**CROSSRAIL BUSINESS RATE SUPPLEMENT POLICIES FOR 2021-22
NOTICE TO BILLING AUTHORITIES UNDER SECTION 18 OF THE BUSINESS RATE SUPPLEMENTS ACT 2009**

In line with the provisions of section 18 of the Business Rate Supplements Act 2009 (the "BRS Act") I am writing to notify your authority that the Greater London Authority (GLA) is levying a Business Rate Supplement for the 2021-22 financial year to finance its contribution to the Crossrail project (the "Crossrail BRS").

For 2021-22 the Mayor is maintaining the rateable value condition (or threshold) for the BRS at £70,000 – the same level as in 2020-21. In other words, only hereditaments on the local rating list in London with a rateable value above £70,000 will be liable for the BRS in 2021-22 subject to eligible reliefs. This is the same level as applied in 2020-21. The BRS multiplier also remains unchanged at 2p

The policies have been agreed by the Mayor of London having regard to the Final Prospectus for the Crossrail BRS (Intention to levy a Business Rate Supplement to finance the Greater London Authority contribution to the Crossrail project) which was published on 29 January 2010 and is available on the GLA's website (www.london.gov.uk/crossrail-brs).

POWERS FOR THE GLA TO LEVY THE CROSSRAIL BRS

The powers to levy the Crossrail BRS are being exercised by the GLA under section 1 of the BRS Act. The GLA has complied with the conditions for imposing a BRS under the BRS Act, including the publication of a Final Prospectus:

(https://www.london.gov.uk/file/5474/download?token=oCSh_HNt)

In preparing this notice, the GLA has also had regards to regulations issued under the BRS Act at the date of this letter i.e.

The Business Rate Supplements (Administrative Expenses) (England) Regulations SI 134 2010

(http://www.opsi.gov.uk/si/si2010/ukSI_20100134_en_1) and explanatory notes

(http://www.opsi.gov.uk/si/si2010/em/ukSIem_20100134_en.pdf) - the "Administrative Expenses" regulations;

Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations SI 2543 2009

(http://www.opsi.gov.uk/si/si2009/pdf/ukSI_20092543_en.pdf) as amended by the Non-domestic Rating and Business Rate Supplements (England) (Amendment) Regulations 2011;

<http://www.legislation.gov.uk/ukSI/2011/255/contents/made> - the "Transfer to Revenue Accounts" regulations as amended;

The Business Rate Supplements (Rateable Value Condition) (England) Regulations SI 2542 2009

(http://www.opsi.gov.uk/si/si2009/pdf/ukSI_20092542_en.pdf) - the "Rateable Value Condition" regulations and

The Business Rate Supplements (Collection and Enforcement) (England) Regulations SI 187 2010

http://www.opsi.gov.uk/si/si2010/pdf/ukSI_20100187_en.pdf

THE PURPOSE OF THIS NOTIFICATION

Section 18 of the BRS Act requires the GLA (as the levying authority) to give written notice to each billing authority in its area prior to the financial year for which it intends to impose a business rate supplement. It is for this purpose that your authority is being notified of the GLA's decision to levy the Crossrail BRS for the period from 1 April 2021 to 31 March 2022. As a billing authority, your authority has a duty under the BRS Act to collect and enforce the Crossrail BRS on behalf of the GLA.

FORMAL NOTIFICATION REQUIRED UNDER THE BRS ACT

The formal notification required under section 18 (2) of the BRS Act is set out below:

Purpose of the BRS

The Crossrail BRS will be levied by the GLA to finance the Crossrail project as set out in "Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail project - Final Prospectus" published on 29 January 2010. Only one BRS will therefore be levied by the GLA in 2021-22.

Crossrail BRS chargeable period

The Crossrail BRS is to be levied for the period from 1 April 2021 to 31 March 2022 inclusive. It will therefore operate for the entire 2021-22 financial year and commence on the first day thereof.

Crossrail BRS multiplier

The multiplier for the Crossrail BRS (or chargeable amount) or "B" under section 14(3) of the BRS Act will be **2.0p** per pound of rateable value. The multiplier will apply to the entire rateable value for all hereditaments exceeding the rateable value condition subject to any automatic reliefs which the ratepayer may be entitled to under National Non-Domestic Rates ("NNDR").

Rateable value condition

The **rateable value condition (or threshold) above which the Crossrail BRS will be chargeable in 2021-22 is £70,000**. This means that only hereditaments on each local billing authority rating list within the GLA's area with a rateable value of £70,001 or more shall be liable for the Crossrail BRS. The GLA has exercised its powers under section 15 of the BRS Act to apply a higher threshold than the £50,000 statutory minimum prescribed by The Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009.

Automatic NNDR reliefs applicable to the Crossrail BRS

The same level of reliefs applying to NNDR will also apply to the Crossrail BRS at the same percentage rate, having regard to the local policies of each of the 33 billing authorities in London and relevant legislation. This is consistent with sections 13 to 14 of the BRS Act.

The costs of any discretionary relief granted in respect of NNDR – which also applies on a pro rata basis for the BRS – will be borne by the GLA through a reduction in BRS revenue and will not be apportioned with billing authorities and MHCLG as applies under business rates retention. No transitional relief scheme applies for the Crossrail BRS for the period of the current 2017 Rating List as there is no statutory provision for one to be applied under the BRS Act.

Section 45 ratepayers

Section 45 ratepayers under the Local Government Finance Act 1988 (i.e. the owners of – or those ratepayers next entitled to occupy – empty properties) will be included as a class in the Crossrail BRS. Under current legislation, this would mean ratepayers of empty properties not entitled to automatic empty property relief under the national non-domestic rating system, will be liable for the full 2p Crossrail BRS multiplier in 2021-22.

Section 15 Reliefs (BRS Reliefs)

The GLA does not at present intend to exercise its discretion to grant any BRS specific reliefs under section 15 of the BRS Act with the exception of setting the rateable value condition (or threshold) at £70,000 which is £20,000 higher than the statutory minimum of £50,000 prescribed by regulation.

Section 16 interaction with BID levy

The GLA does not intend to exercise its powers under section 16 (1) of the BRS Act to offset any Business Improvement District (BID) or BRS-BID (as defined by schedule II to the Act) levy contributions against ratepayers' Crossrail BRS liabilities for the period 1 April 2021 to 31 March 2022. No rules shall therefore apply under that section. BID and BRS-BID levypayers will therefore be treated on the same basis as all other ratepayers for the purposes of the Crossrail BRS.

Government Funded Relief Schemes or Local Relief Schemes Approved by Billing Authorities

In line with the BRS Act all other mandatory and discretionary rates reliefs applying in respect of National Non-Domestic Rates, whether funded by the Secretary of State or introduced locally by billing authorities, apply equally to the BRS on a parallel pro rata percentage basis.

At the time of writing the Government has not confirmed whether the 100 per cent relief schemes for ratepayers in the retail, leisure, hospitality and childcare provider (RLHC) sectors in place for 2020-21 will continue in 2021-22. Should these relief schemes continue in full or in part the same relief at the same percentage rate of relief will apply for any BRS liabilities as in 2020-21 where they apply to hereditaments with a rateable value above £70,000 as required by section 13 of the BRS Act. It is anticipated that any Government funded rates relief schemes applying in 2021-22 – if any – will be announced in the Chancellor's 2021 Budget on 3 March.

If the total value of any business rates reliefs granted to private companies exceed subsidy limits – the replacement for European Union state aid limits since 1 January 2021 – any cap should also be applied on a pro rata basis taking into account the relative NNDR and BRS liabilities.

Since 1 April 2014 ratepayers have had the automatic right to pay their bills in 12 monthly instalments. Billing authorities have paid their instalments over to the GLA over 12 months – net of a 5 per cent contingency allowance – since the BRS was introduced in 2010-11 so this change has no impact on the BRS. The proposed BRS instalment dates are set out in the section 18 notice in Appendix A and are in line with those used in previous years.

ADDITIONAL INFORMATION

Additional information and policies for the Crossrail BRS are set out in the following Annexes:

Annex A: Summary of policies for the Crossrail BRS

This sets out the policies for the BRS set out in the Final Prospectus in more detail. The text is consistent with the summary in section 8 of the Final Prospectus updated for the 2021-22 policies.

Annex B: Administration collection and enforcement of the Crossrail BRS

This provides guidance on the administration arrangements for the BRS focusing on funds transfers between GLA and billing authorities, administration costs and the submission of the proposed BRS 1 (provisional BRS estimate), BRS2 (in year variations) and BRS 3 (outturn) returns to GLA.

Annex C: Illustrative examples of impact of Crossrail BRS on different categories of ratepayer

This provides illustrative examples of the amount payable in BRS by different categories of ratepayers having regard to the GLA's final policies and relief treatments for the BRS in 2021-22.

Annex D: Estimated number of hereditaments liable to the Crossrail BRS

This provides details on the expected number of properties liable to pay the BRS in 2021-22 and the expected tax take by billing authority area.

Annex E Estimated amount collectable for 2021-22 by billing authority

This provides details on the expected tax take by billing authority area – with two separate range of estimates depending on whether the retail, leisure, hospitality and childcare provider (RLHC) COVID rates relief schemes in place for 2020-21 continue in 2021-22 as they reduce the taxtake by over 30 per cent. Billing authorities will provide the GLA forecasts of the actual income they expect to collect in 2021-22 by Wednesday 31 March 2021 (i.e. the last working day in March).

Annex F: Proposed supporting explanatory text on Crossrail BRS for non-domestic ratepayers

This should either be circulated alongside bills or made available on your websites.

Annex G: Provisional BRS cost of collection allowances

This sets out the provisional 'BRS cost of collection allowances' we estimate each billing authority will be entitled to in 2021-22 having regard to Regulation 4 of and paragraph 3 of Schedule 1 to the Business Rate Supplements (Administrative Expenses) (England) Regulations 2010 (the "Administrative Expenses Regulations").

The table apportions 0.15% of the estimated 2021-22 Crossrail BRS net tax take before assumed losses for successful valuation challenges and appeals (i.e. the share permitted for the eighth year and subsequent year of a BRS – in this case the twelfth year) of £272.0 million in proportion to each billing authority's estimated share of the number of hereditaments liable to the Crossrail BRS across the GLA area subject to guaranteeing that no billing authority receives a lower allowance than £6,000. In calculating the estimated collection allowances it is assumed that the retail, leisure, hospitality and childcare provider relief schemes in place for 2020-21 will not continue – so is in effect based on the gross taxbase after mandatory reliefs. This is in recognition of the fact that the administrative burden on billing authorities is not reduced by the existence of these schemes.

Proposed Supporting Explanatory Information on the Crossrail BRS for NNDR ratepayers

Annex F contains the proposed supporting explanatory text in respect of the Crossrail BRS for non-domestic ratepayers. The supporting explanatory text provides specific information to ratepayers on the operation of the Crossrail BRS in London. It therefore serves a different purpose to the Mayor's communication to council taxpayers on his budget and precept and the separate explanatory note required to be included on the BRS under regulations as set out below.

This information should either be circulated to ratepayers alongside their 2021-22 rates bills or alternatively made available on billing authority websites depending on the mechanism by which your authority has decided to communicate explanatory supporting information using its discretion under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended by the Non-Domestic Rating (Electronic Communications) (England) Order 2012). If the communication is issued directly with bills it should ideally be included within your general leaflet to NNDR ratepayers or alternatively as a separate doubled sided A5 insert (including the GLA logo at the top).

Explanatory Notes for Crossrail BRS Required by Regulations

Billing authorities were advised by MHCLG in Business Rates Information letter 1/2010 issued in January 2010 of the proposed format for presenting BRS information in the explanatory notes to bills. This wording tailored for the Crossrail BRS has been revised for the 2021-22 billing round under 'The Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2019' and is set out below.

"Business Rate Supplements – Statutory Explanatory Note

The Business Rate Supplements Act 2009 enables levying authorities – county councils, unitary district councils and, in London, the Greater London Authority – to levy a supplement on the business rate to support additional projects aimed at economic development of the area. This power has also been extended to the mayors of Cambridgeshire and Peterborough, Liverpool City Region, West of England, and West Midlands combined authorities. Business Rate Supplements (BRS) are not applicable to properties with a rateable value of £50,000 or below, and authorities have discretion to increase that threshold. The total maximum BRS which may be levied by a levying authority is 2p per pound of rateable value. Levying authorities have the power to apply such reliefs to the BRS as they think appropriate and in such cases must include an explanation of the rules for the application of those reliefs in the final prospectus for the BRS.

The business rate supplement applicable in London is being levied by the Greater London Authority in relation to the Crossrail project. The rateable value threshold in 2021-22 for the Crossrail BRS is £70,000. Further information may be found in the Crossrail BRS final prospectus which is available at www.london.gov.uk/crossrail-brs.

Provisional Return for 2021-22 (BRS 1) and recovery of billing authority administrative expenses

The GLA intends to circulate proformas and guidance for the BRS 1 'provisional return' form by Monday 1 March. This is the Provisional Return that billing authorities are required to submit to a levying authority under section 2 of the Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009 after receiving a notice under section 18 of the BRS Act. This will adopt the same format as for 2020-21. The introduction of business rates retention has had no direct impact on the Crossrail BRS or reporting arrangements.

The deadline for returning the 2021-22 BRS 1 form is Wednesday 31 March 2021. This is the statutory deadline set out in secondary legislation. The return should be based on the information from the actual 2021-22 billing run in order to minimise the potential for billing authorities to have to submit in-year variation requests during the year having regard to any relief schemes announced by the Chancellor in the Budget on 3 March.

The BRS 1 forms will be accompanied by a guidance note which will be similar in format to that used for the equivalent return for 2020-21.

Under the Administrative Expenses Regulations, initial administrative expenses (i.e. set up costs) can only be recovered by billing authorities for expenses associated with the first year of a BRS. This means that it will not be possible for GLA to reimburse any initial administrative expenses relating to the collection of the BRS in 2021-22.

BRS Collection and Enforcement

The Collection and Enforcement regulations – which allow for the collection and enforcement of a BRS – were laid by the Secretary of State in February 2010 and remain valid for 2021-22.

PROVISIONAL ESTIMATE OF BRS COST OF COLLECTION ALLOWANCES FOR 2021-22
(FURTHER ADMINISTRATIVE EXPENSES AS DEFINED BY PARAGRAPH 3 OF THE BRS ADMINISTRATIVE
EXPENSES REGULATIONS 2010)

	Estimated Share of Hereditaments Across GLA Area Liable to BRS (Rounded)	Provisional 2021-22 Cost of collection allowance £
BOROUGH		
Barking and Dagenham	0.9%	6,000
Barnet	1.4%	6,000
Bexley	1.0%	6,000
Brent	1.6%	6,414
Bromley	1.4%	6,000
Camden	8.3%	33,839
City of London	11.0%	44,983
Croydon	1.8%	7,230
Ealing	2.3%	9,208
Enfield	1.4%	6,000
Greenwich	1.3%	6,000
Hackney	2.1%	8,462
Hammersmith and Fulham	3.0%	12,402
Haringey	1.0%	6,000
Harrow	0.7%	6,000
Havering	1.2%	6,000
Hillingdon	2.5%	10,163
Hounslow	2.3%	9,226
Islington	4.3%	17,410
Kensington and Chelsea	4.6%	18,755
Kingston upon Thames	1.4%	6,000
Lambeth	2.1%	8,523
Lewisham	0.7%	6,000
Merton	1.3%	6,000
Newham	2.6%	10,432
Redbridge	0.8%	6,000
Richmond upon Thames	1.3%	6,000
Southwark	3.7%	15,127
Sutton	0.7%	6,000
Tower Hamlets	4.7%	19,345
Waltham Forest	0.8%	6,000
Wandsworth	1.8%	7,169
Westminster	24.2%	98,628
LONDON TOTAL	100.0%	433,317

Note 1: Allocations will be revised following receipt of BRS 1 forms and (if changes material). Allowance will be offset against instalments and spread equally across the financial year.

2. Figures assume aggregate amount collected in BRS by GLA will be £272.0 million before collection costs and that 0.15% of the tax take can be recovered by billing authorities in further administrative expenses in the twelfth year of a BRS in line with the BRS Administrative Expenses Regulations subject to guaranteeing that no billing authority receives an allowance below £6,000 to recognise the fixed costs which all incur in administering the BRS.

PROPOSED SUPPORTING EXPLANATORY TEXT ON CROSSRAIL BRS TO EITHER BE CIRCULATED WITH 2021-22 RATES BILLS TO ALL NNDR RATEPAYERS OR PLACED ON BILLING AUTHORITY WEBSITES IN LINE WITH THE LOCAL POLICY ADOPTED IN RESPECT OF RATEPAYER COMMUNICATIONS

GREATER LONDON AUTHORITY

What is Crossrail and how will it benefit your business?

Crossrail is London's newest railway. It will connect the outer suburbs and Heathrow airport to the West End, City and Canary Wharf. As such, Crossrail is vital to the future of London's economy. The increased earnings it will bring – from new jobs and quicker journeys – will benefit businesses across London. It will be named the Elizabeth line in honour of Queen Elizabeth II.

Crossrail is the single largest investment in London's infrastructure for decades. It employed up to 14,000 people at the peak of construction. Work is continuing to complete the project and stations along the route as soon as possible. The section through central London is expected to open in 2022.

To find out more, visit www.crossrail.co.uk, call the Crossrail 24 hr Helpdesk on 0345 602 3813 or email helpdesk@crossrail.co.uk.

Developments in the funding of Crossrail

The previous Mayor of London agreed a funding settlement with Government in 2010 for the Crossrail scheme. The Mayor and the Secretary of State for Transport agreed revised funding packages for Crossrail in December 2018 and November 2020.

How will London's businesses help fund Crossrail?

In April 2012, the last Mayor introduced a Community Infrastructure Levy (CIL) on new developments in London to finance Crossrail. The developer pays this levy. Business ratepayers of larger properties have contributed through a special Crossrail Business Rate Supplement (BRS) since April 2010.

Under the current funding package, the GLA is expected to contribute around £6.9 billion towards Crossrail. This is financed through the CIL and BRS. The BRS will need to be levied until the GLA's Crossrail-related borrowing is repaid. This is expected to around the late 2030s but no later than 2041, in line with the published Crossrail BRS prospectus. The policies for the BRS in 2021-22 remain unchanged from last year.

Does my business have to pay the Crossrail BRS?

Your rates bill makes clear if you are liable to pay the BRS. It applies only to assessments (for example business and other non-domestic premises) with a rateable value above £70,000 in London. This threshold means that at least 85 per cent of the capital's non-domestic properties will be exempt in 2021-22.

How much do I pay if my property's rateable value is above £70,000?

The Crossrail BRS multiplier for 2021-22 remains at 2p per pound of rateable value. Reliefs for the Crossrail BRS will apply on the same basis and at the same percentage rate as for your national non-domestic rates (NNDR) bill. However, there is no transitional relief scheme for the BRS.

Keeping you up to date

We will give ratepayers an annual update over the lifetime of the BRS.

Contact for more information

020 7983 4100 ♦ crossrail-brs@london.gov.uk; www.london.gov.uk/crossrail-brs
Finance, GLA, City Hall London SE1 2AA

Annex E

Estimated BRS Taxtake in 2021-22 by Billing Authority Before and After GLA's Provision for Valuation and Collection losses (Figures in £ million)

	2021-22 Forecast Income (if RLH and childcare rate relief does not continue)	2021-22 Forecast Income (if RLH and childcare rate relief continues)
Barking and Dagenham	1.6	1.4
Barnet	2.5	1.3
Bexley	2.1	1.4
Brent	3.0	2.1
Bromley	2.3	0.8
Camden	21.3	15.4
City of London	44.3	39.0
Croydon	3.2	2.0
Ealing	3.8	1.9
Enfield	3.1	2.0
Greenwich	3.0	2.0
Hackney	3.6	2.7
Hammersmith and Fulham	8.3	4.6
Haringey	1.6	0.8
Harrow	0.9	0.8
Havering	2.1	1.2
Hillingdon	13.0	10.3
Hounslow	6.1	5.0
Islington	8.6	7.3
Kensington and Chelsea	10.6	3.8
Kingston	2.6	0.9
Lambeth	5.1	2.7
Lewisham	1.7	0.9
Merton	2.4	1.2
Newham	5.0	3.6
Redbridge	1.1	0.6
Richmond	2.0	1.0
Southwark	9.3	7.0
Sutton	1.4	0.9
Tower Hamlets	14.5	12.2
Waltham Forest	1.5	1.0
Wandsworth	3.2	1.5
Westminster	77.2	46.8
Total sum forecast collectable	272.0	185.9
Less Billing authority collection allowance	-0.4	-0.4
Total sum receivable by GLA in year	271.6	185.5
Less provision for estimated valuation and collection losses	-38.1	-26.0
Total expected net BRS income	233.5	159.5

Note: The data by billing authority is gross of collection costs estimated at £0.43 million. A 14% provision for valuation and collection losses is assumed due to risks and uncertainties arising from the COVID-19 pandemic. These provisions are deducted to generate the income ultimately expected to be received by the GLA on an accrued basis.

Estimated Percentage Share of Hereditaments which may be liable in each Billing Authority and Authority Share of London total in 2021-22 Assuming a £70,000 Rateable Value Threshold

	Estimated Percentage of hereditaments in authority area on local rating list with an RV above £70,000	Authority share of all hereditaments liable to BRS across London
Barking and Dagenham	9.0%	0.9%
Barnet	7.7%	1.4%
Bexley	8.2%	1.0%
Brent	7.9%	1.6%
Bromley	9.0%	1.4%
Camden	20.5%	8.3%
City of London	23.5%	11.0%
Croydon	9.1%	1.8%
Ealing	9.8%	2.3%
Enfield	9.5%	1.4%
Greenwich	10.6%	1.3%
Hackney	8.5%	2.1%
Hammersmith & Fulham	14.4%	3.0%
Haringey	6.7%	1.0%
Harrow	6.0%	0.7%
Havering	9.2%	1.2%
Hillingdon	13.0%	2.5%
Hounslow	14.1%	2.3%
Islington	16.1%	4.3%
Kensington and Chelsea	23.7%	4.6%
Kingston	13.2%	1.4%
Lambeth	10.7%	2.1%
Lewisham	5.4%	0.7%
Merton	11.4%	1.3%
Newham	15.8%	2.6%
Redbridge	5.5%	0.8%
Richmond	9.9%	1.3%
Southwark	13.4%	3.7%
Sutton	8.3%	0.7%
Tower Hamlets	12.7%	4.7%
Waltham Forest	5.6%	0.8%
Wandsworth	9.4%	1.8%
Westminster	28.9%	24.2%
London	14.5%	100.0%

ESTIMATE OF NUMBER OF HEREDITAMENTS LIABLE TO BRS AND COLLECTABLE AMOUNT

Estimated Number of Hereditaments with a Rateable Value (RV) Above £70,000 which may be liable to the Crossrail BRS in 2021-22 by Billing Authority

	Estimated no of hereditaments above £70,000 RV
Barking and Dagenham	410
Barnet	671
Bexley	458
Brent	739
Bromley	667
Camden	3,899
City of London	5,183
Croydon	833
Ealing	1,061
Enfield	668
Greenwich	598
Hackney	975
Hammersmith & Fulham	1,429
Haringey	475
Harrow	341
Havering	559
Hillingdon	1,171
Hounslow	1,063
Islington	2,006
Kensington and Chelsea	2,161
Kingston	637
Lambeth	982
Lewisham	345
Merton	623
Newham	1,202
Redbridge	376
Richmond	591
Southwark	1,743
Sutton	338
Tower Hamlets	2,229
Waltham Forest	384
Wandsworth	826
Westminster	11,364
London total	47,007

Note: The above estimates reflect the latest data reported to the GLA by billing authorities. In practice the total number of hereditaments actually paying BRS in 2021-22 may be lower due to mandatory and discretionary reliefs.

A company owns an industrial property with a rateable value of £100,000 and a non-industrial property with a rateable value of £200,000. Both these properties will become empty on 1 April 2021 and are likely to remain empty until at least 31 March 2022.

Because empty properties will not be exempt from the Crossrail BRS as a class:

- No Crossrail BRS would be payable on the industrial property until 1 October 2021 as it would be automatically entitled to empty property relief under NNDR for the first six months. Thereafter the company would be liable to an annual Crossrail BRS bill for this property of £2,000 (£100,000 RV x 2% i.e. 2p) but would only be liable for £1,000 in 2021-22 (pro rata for the period 1 October 2021 to 31 March 2022).
- No Crossrail BRS would be payable on the non-industrial property until 1 July 2021 as it is automatically entitled to full relief under NNDR for the first three months it is empty. Thereafter the company would be liable to an annual Crossrail BRS bill of £4,000 (£200,000 RV x 2% i.e. 2p) but would only be liable for £3,000 in 2021-22 (pro rata for the period 1 July 2021 to 31 March 2022).

A ratepayer occupies 50% of the area of non-industrial property with a total rateable value of £100,000 and owns or is entitled to occupy the other 50% (i.e. the currently empty part) and has made a successful application for section 44a relief. The rateable value of the empty part is therefore £50,000 and the occupied part also £50,000. The empty part became empty on 1 April 2021 and is expected to remain so until at least 31 March 2022. The ratepayer is not a charity or amateur sports club and the hereditament is not a listed building (i.e. the ratepayer is not eligible for empty property relief).

Because empty properties will not be exempt from the Crossrail BRS as a class:

- The total Crossrail BRS liability on this property will be £1,500 in 2021-22. For the first three months (April to June 2021) when the empty part is eligible for empty property relief in line with the NNDR system no Crossrail BRS would be payable on the property as the occupied part has a rateable value below £70,000. For the remaining nine months (July 2021 to March 2022) the ratepayer is liable for Crossrail BRS on a pro rata basis of £1,500 (i.e. 2p x £100,000 x 9/12) because rate relief on the empty part has ceased.

A ratepayer of a property with a rateable value of £100,000 receives a 5 per cent reduction on its 2021-22 NNDR liability as a result of the authority's local discretionary relief scheme which is funded by central government.

- The Crossrail BRS payable will be £1,900 – the full liability of £2,000 (2p x £100,000) net of a 5% discount. This is the same discount applicable for the BRS as for NNDR at the same percentage rate. The GLA bears the cost of this relief as it will receive less BRS income.

ILLUSTRATIVE EXAMPLES OF IMPACT OF CROSSRAIL BRS ON DIFFERENT CATEGORIES OF RATEPAYER

The following scenarios provide illustrative examples of the level of Crossrail BRS payable by different types of ratepayer based on the GLA's final policies for the BRS in 2021-22 having regard to the requirements of the BRS Act and the contents of the Final Prospectus.

The rateable value figures quoted would be based on the 2017 rating list and the analysis assumes that the ratepayer occupies or has rights to occupy the property for a full chargeable year (1 April 2021 to 31 March 2022) unless stated otherwise, that the basic BRS multiplier for the year is 2p and the minimum BRS rateable value threshold above which the Crossrail BRS is payable is £70,000.

Illustrative Examples of Potential Level of Crossrail BRS Payable by Different Categories of Ratepayer in 2021-22 Under the GLA's Final Policies

A company occupies premises with a rateable value of £60,000

- No Crossrail BRS would be payable for this property because its rateable value is below the £70,000 threshold.

A company occupies premises with a rateable value of £70,000

- No Crossrail BRS would be payable for this property because its rateable value is not above £70,000

A company which is not entitled to any reliefs under NNDR occupies premises with a rateable value of £150,000.

- The company would be liable to pay Crossrail BRS annually of £3,000 (£150,000 RV x 2% i.e. applying the 2p multiplier).

A charity (or community amateur sports club) occupies all of a property with a rateable value of £150,000 and receives 90% relief on its NNDR bill (80 % mandatory relief and a further 10% discretionary relief awarded by its local borough council).

- The charity would pay Crossrail BRS annually of £300 (£150,000 RV x 2% i.e. the BRS 2p multiplier x 10% i.e. due to it being granted 90 % relief under NNDR).

A non-profit making body - which is not eligible for automatic relief as a charity or sports club but is granted discretionary relief of 50 % of its NNDR bill by its local borough council - occupies premises with a rateable value of £150,000.

- The non-profit making body would be required to pay Crossrail BRS annually of £1,500 allowing for the 50 % relief on their bill to which they are entitled under NNDR (£150,000 RV x 2% i.e. the 2p BRS multiplier x 50% i.e. due to it being granted 50 % relief under NNDR).

A charity or community amateur sports club owns a property (or has rights to occupy a property) which is empty.

- No Crossrail BRS would be payable because charities and community amateur sports clubs will not be liable to the Crossrail BRS on empty properties they own or have rights to occupy, in line with the system for NNDR.

A company which is in administration owns a property (or has rights to occupy a property) which is empty and this position is expected to remain so.

- No Crossrail BRS would be payable because companies in administration will not be liable for the supplement on properties which they own or have rights to occupy which are empty under current NNDR regulations.

Final outturn for the financial year

- Under section 7 of the Transfers to Revenue Accounts Regulations (as amended in The Non-Domestic Rating (Alteration of Lists) and Business Rate Supplements (Transfers to Revenue Accounts) (Amendment etc.) (England) Regulations 2018) billing authorities are required to submit a final 'outturn' return (designated by the GLA as the 'BRS 3' return) to levying authorities by 30 April of the following financial year (e.g. Friday 30 April 2021 for the 2020-21 outturn). The final level of Crossrail BRS due to the GLA is calculated by allocating the total sum collected in 'business rates' pro rata between NNDR and BRS adjusting for in year refunds and prior year adjustments. The GLA will review that 30 April deadline in light of any changes to reporting requirements and deadlines for 2020-21 local authority annual accounts but it is set out in secondary legislation.
- The BRS 3 outturn return for 2020-21 is expected to be circulated in late March 2021. The statutory deadline for returning this is as stated above 30 April. The format of the return is expected to be broadly unchanged from the 2019-20 version as no amendments to the BRS regulations affecting the year end outturn calculation have yet been published by MHCLG.
- Any additional payments required from billing authorities or refunds due from the GLA following the submission of the year end (BRS 3 returns) will be made in compliance with section 8 of the Transfers to Revenue Accounts regulations. Wherever practical the GLA will request that billing authorities adjust for any such sums through an amendment to the next (i.e. Wednesday 30 June 2021) BRS monthly instalment payable to the GLA. If, however, the amount refundable by the GLA (i.e. where the amount collected during the previous financial year is lower than the instalments already paid over) exceeds the monetary value of the June instalment then the GLA will pay the excess to the billing authority by BACS by 30 June 2021.

Certification of Returns

- In line with paragraph 9 of the Transfer to Revenue Accounts regulations all BRS 1 (provisional amount), BRS 2 (in year variation) and BRS 3 (outturn) returns will need to be certified by each billing authority's Chief Finance Officer (i.e. the section 151 officer designated under the Local Government Act 1972). Instructions on this process will be provided in the guidance notes for each return.

Estimating the budgeted amount of Crossrail BRS payable annually to the GLA by billing authorities (The "Provisional Amount")

- Section 2 (1) of the 'Transfer to Revenue Account' Regulations requires billing authorities to submit a return to levying authorities setting out the amount of Crossrail BRS they expect to transfer to them during the next financial year. This must be actioned upon receipt of a direction from the levying authority under section 18 of the BRS Act (i.e. this letter which formally notifies billing authorities of the BRS multiplier, rateable value thresholds and reliefs policies which will apply in the next financial year).
- The amount to be shown in the provisional return is set at 95 per cent of the amount the billing authority expects to collect during the year (A). The 5 per cent (B) held back is deemed to be a contingency for refunds on valuation appeals, bad and doubtful debts and other factors. The billing authority must also provide an explanation of how it has calculated 'A' (the amount it expects to collect in Crossrail BRS). This is consistent with the contingency allowed for by the GLA in its BRS income estimates.
- In order to comply with the requirements of the regulations the GLA will again request that each billing authority submit what is designated the 'BRS1' return (i.e. a simplified equivalent of the NNDR 1 return billing authorities submit to MHCLG in relation to NNDR) showing how it has calculated the estimated Crossrail BRS it expects to collect allowing for eligible reliefs, collection costs and losses and the 5 per cent contingency. The format of this return for 2021-22 will be similar to that used for 2020-21. The GLA intends to circulate the proforma to billing authorities by 1 March 2021 for completion and return by Wednesday 31 March 2021 (the deadline stipulated in the regulations). This return should be prepared using data from the actual NNDR and BRS billing run for 2021-22 adjusted for the impact – if applicable – of any relief schemes affecting BRS liabilities announced in the Budget on 3 March 2021.

Variations to the budgeted amount of Crossrail BRS payable annually to the GLA by billing authorities in year

- Under paragraph 6 to the 'Transfers to Revenue Accounts' Regulations, billing authorities may vary their provisional amount ('BRS 1') calculation during the year. Any variation submitted by a billing authority must specify:
 - (a) the amount it has transferred from its collection fund to the relevant levying authority's revenue account during the year;
 - (b) the total amount it expects to transfer from its collection fund to the relevant levying authority's revenue account during the financial year; and
 - (c) the difference between a and b
- Billing authorities:
 - may not submit a variation more than once in any quarter (e.g. 1 April to 30 June and so on);
 - must provide an explanation to support their revised calculations; and
 - can only submit a variation where the amount expected to be collected is lower than the budgeted amount in their BRS 1 return.
- The associated return billing authorities will be required to complete is designated as the 'BRS 2' variation return in line with the corresponding arrangements for the NNDR2 form for national business rates. The BRS 2 return proforma is available from the GLA on request.

Further Administrative Expenses (Ongoing Cost of Collection Allowances)

- The quantum for further administrative expenses (i.e. the cost of collection allowance) will be 0.15 per cent of the estimated aggregate amount the GLA will collect through the BRS in 2021-22 in line with the provisions of section 3 of The Business Rate Supplements (Administrative Expenses) (England) Regulations 2010. The 0.15 per cent multiplier represents the proportion allowable for the twelfth (i.e. eighth and subsequent) year of a BRS. The aggregate amount is estimated at £272.0 million (gross of collection allowances). In order to guarantee that each billing authority has sufficient resources to manage the additional workloads arising from management of any relief schemes and the impact of the COVID-19 pandemic the minimum collection allowance will be set at £6,000 for all authorities. As a result the total provisional collection allowance for 2021-22 has been set at £0.433 million. This will be apportioned to billing authorities in proportion to their share of hereditaments liable to the BRS across the GLA area subject to this minimum allowance of £6,000.
- The provisional collection allowances which should be used for budgeting purposes by billing authorities are set out in Annex G – however the actual allocations will be confirmed by the middle of April 2021 following the submission of the BRS 1 returns in March 2021 subject to maintaining the £6,000 minimum allowance.

Annual BRS Communications to Ratepayers

- Information on the multiplier being applied each year and any reliefs applying to the Crossrail BRS must under the BRS Act be set out in a communication for ratepayers.
- It is for billing authorities to determine how they comply with the requirement to communicate this information to ratepayers having regard to the Non-Domestic Rating (Electronic Communications) (England) Order 2012' (http://www.legislation.gov.uk/ukxi/2012/25/pdfs/ukxi_20120025_en.pdf) which allows billing authorities for the 2021-22 billing round to supply their NNDR ratepayer communications electronically or on their websites rather than having to include them alongside the bill sent in the post. However, billing authorities should adopt the same approach for the Crossrail BRS communication as they do for their NNDR communications to ratepayers. If billing authorities intend to place the ratepayer information on their website they should use the print ready pdf version circulated separately and supply that version to ratepayers on request.
- A copy of the text for 2021-22 which has been approved by the Mayor is enclosed with this notification at Annex F. If copies are being circulated alongside bills then the text should be sent to ALL NNDR ratepayers with their bill and not just to the ratepayers liable for the Crossrail BRS in 2021-22.

ADMINISTRATION COLLECTION AND ENFORCEMENT OF THE BRS IN 2021-22

The planned arrangements for administering, collecting and enforcing the Crossrail BRS in 2021-22 are summarised below:

General Information

- The Crossrail BRS will be collected by the 32 London boroughs and the Common Council of the City of London (as the NNDR 'billing authorities' in London) on behalf of the GLA;
- The Crossrail BRS will be collected in parallel with NNDR. It will be included on the same bill and be subject to the same payment schedules and recovery procedures as determined locally by each billing authority for its ratepayers;

Proposed Instalment Dates for 2021-22

- Billing authorities will transfer Crossrail BRS funds directly to GLA and not via central government. Payments from billing authorities to the GLA will be made in 12 monthly instalments as specified by paragraph 4(2) of the Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009. It is intended that for 2021-22 the instalment dates will be the last full working day of the month except for the December 2021 instalment – which is the Thursday of the last full working week before the Christmas holiday period – and the final payment in March 2022.
- The proposed payment dates for 2021-22 are set out below – with the exception of the dates in bold these are the last working days of each calendar month:

30 April 2021 (Friday)

28 May 2021 (Friday)

30 June 2021 (Wednesday)*

30 July 2021 (Friday)

31 August 2021 (Tuesday)

30 September 2021 (Thursday)

29 October 2021 (Friday)

30 November 2021 (Tuesday)

16 December 2021 (Thursday)

31 January 2022 (Monday)

28 February 2022 (Monday)

15 March 2022 (Tuesday)

- *The instalment due on 30 June 2021 will be adjusted to allow for amounts due to the GLA (where the amount actually collected is greater than the instalments already paid) or repayable by the GLA (where the amount actually collected is lower than the instalments already paid) as a result of the reporting of the 2020-21 outturn information through the BRS 3 return (see 'Final outturn for the financial year' section below).
- Billing authorities will be liable to pay interest on any instalments not paid by the due date. As the monetary amounts involved are normally minimal the GLA will recover any interest on the late payment of BRS instalments via an offset on the year end BRS 3 outturn return. This simplifies the administration and collection of interest penalties for both billing authorities and the GLA.

- The GLA will require eligible ratepayers liable to pay levies (including BRS-BID levies payable under schedule II to the BRS Act) to Business Improvement Districts to pay the full basic BRS multiplier (if the valuation of their hereditament(s) exceeds £70,000 and notwithstanding their eligibility for any other reliefs). No full or partial offset will therefore be provided against the Crossrail BRS for BID levy contributions i.e. no reliefs will be applied under section 16 of the BRS Act; and
- As stated above any other discretionary reliefs granted using billing authorities' Localism Act 2011 powers or as a result of the measures announced by the Government in the 3 March 2021 Budget shall – if applicable to the hereditament or ratepayer – also be applied on a pro rata basis to the Crossrail BRS element of the ratepayer's bill subject to subsidy (former state aid) limits at the same percentage rate as required under section 13(7) of the BRS Act. The GLA will absorb the associated cost through a reduction in BRS revenues received in respect of the BRS proportion of the relief granted.

SUMMARY OF POLICIES FOR THE CROSSRAIL BRS IN 2021-22

The policies and arrangements for the Crossrail BRS are summarised below:

- The GLA intends to set a basic BRS multiplier of 2p for each year of the Crossrail BRS commencing on 1 April 2010;
- For 2021-22 the BRS shall apply for the full financial year i.e. 1 April 2021 to 31 March 2022;
- The chargeable period for the Crossrail BRS is expected to be between 24 to 31 years in line with the final prospectus with a latest end date of 31 March 2041. The actual end date will depend on the BRS income received in future years following each revaluation and the financing costs paid on the GLA's Crossrail related debt;
- The GLA will apply a threshold of £70,000 for the Crossrail BRS i.e. only hereditaments on the local rating list with a rateable value of £70,001 or more will be liable for the supplement. This is the same level as in 2020-21;
- As a minimum, ratepayers will receive at least the same level of reliefs for the Crossrail BRS as they are eligible for under NNDR including any relief schemes announced for 2021-22 by the Chancellor of the Exchequer which apply to hereditaments with a rateable value exceeding £70,000. However, no transitional relief will apply to the Crossrail BRS;
- Charities and community amateur sports clubs will be entitled to a mandatory 80 per cent relief on their Crossrail BRS contribution as applies under NNDR. If they are granted discretionary relief on all or part of the remaining 20 per cent of their bill under NNDR by their billing authority the same treatment (i.e. percentage rate of relief) will apply for the Crossrail BRS;
- Ratepayers awarded Hardship Relief under section 49 and discretionary relief under section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act 2011) by their billing authority will receive the same rate of relief on their Crossrail BRS liability; [N.B. The costs of granting discretionary relief for the BRS fall on the GLA i.e. as lost BRS revenue – they are not apportioned between the GLA and billing authorities as is the case for NNDR];
- The GLA will include section 45 ratepayers (i.e. those owning or next entitled to occupy empty properties) in the Crossrail BRS. Under current legislation this would mean ratepayers of empty properties not entitled to automatic empty property relief will be liable for the full 2p BRS multiplier in 2021-22. This is consistent with the current treatment for NNDR. The empty property BRS multiplier will therefore be 2p in 2021-22 and subject to there being no change to existing business rates legislation affecting this class will continue to apply at the same rate until the Crossrail BRS ends;
- Irrespective of the GLA's decision to include section 45 ratepayers within the Crossrail BRS the same empty property reliefs (e.g. related to the category of ratepayer, hereditament type or the length of time the property has been empty) will apply at the same percentage rate to the Crossrail BRS as under NNDR;
- Where a hereditament is partly occupied the basic BRS multiplier shall apply to the occupied part and the empty property BRS multiplier to the unoccupied part, notwithstanding any other reliefs (e.g. empty property relief) to which the ratepayer may be entitled. In practice these are the same for 2021-22 (i.e. 2p) and will continue to be so unless there is a national change to the treatment of empty properties under the NNDR system;

Contact for Further Information

Further enquiries on the contents of this letter should be addressed by email to martin.mitchell@london.gov.uk and GLABudget@london.gov.uk. Alternatively, please call Tel: 07717 427056.

The GLA's address is below albeit at the current time we would encourage you not to send any correspondence to this address.

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Yours sincerely

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