



What are Transitional Adjustments?

When the Government undertakes a revaluation of rateable values it introduces a transitional adjustments scheme at the same time. This scheme is designed to cap large changes to your rates bill between revaluations.

Rateable Values (RV) can increase, decrease, or stay the same. The next revaluation of the rating list comes into effect on 1st April 2017; the last rating list was effective from 1st April 2010.

How does it work?

If your rates bill has increased from what you were paying in 2016/17 you may be awarded transitional relief. If your rates bill has decreased compared to what you were paying in 2016/17, you may have a transitional surcharge applied to your bill. The idea is that the surcharges pay for the relief, so the scheme is effectively self-funding nationally.

For example, Miss Reeves runs a gift shop in Uppingham, her RV in the 2010 list was 12,750 and her new RV on the 2017 list is 17,000. Miss Reeves has not benefited from the revaluation as her RV has increased; she will receive transitional relief which will cap the impact of the increase in RV.

Mr Todd runs a café in Oakham, his RV in the 2010 list was 27,250 and his new RV on the 2017 list is 21,500. Mr Todd has benefited from the revaluation as his RV has decreased, but he will pay a transitional surcharge which will cap the impact of the decrease in RV.

How long does the Transitional Adjustments scheme last for?

The scheme runs for 5 years and is phased out during this time, this means that some ratepayers will only get an adjustment for 1 or 2 years, others may be affected for longer. The amount of time it takes depends on how big the difference is in your 2010 and 2017 Rateable Values.

Not all ratepayers are affected, if you are you will see the transitional adjustment calculation detailed on your business rates bill.

How do you work out the adjustment?

We look at how much you were paying in 2016/17 and how much your rates bill would be for 2017/18, and we work out if your rates bill will have a transitional adjustment based on the rules for the scheme.



The transitional adjustment amount will depend on whether your property is classed as having a small RV, Medium RV or large RV (defined by Government) and whether or not your RV has increased or decreased between the 2010 and the 2017 list.

For example, Hedgehogs Ltd, an industrial company, has RV in the 2010 list of 14,250 and their new RV in the 2017 list is 19,750. The company has not benefited from the revaluation; it will receive transitional relief which will cap the impact of the increase in RV.

The calculation would be as follows:

Their rates payable for 2016/17 were £6897.00 (we call this the 'Base Liability')
 Their potential rates payable for 2017/18 are £9203.50 (we call this the 'Notional Charge')
 They are classed as having a small RV
 Using the 'appropriate fraction', which in this case is **1.071**, we calculate the maximum amount payable (we call this the 'transitional limit')
 Then deduct the transitional limit from the notional charge amount and this will equal the transitional adjustment

$$BL \times AF = £7,386.69$$

$$NC - TL = £1,816.81$$

The rates payable in this case would be £7,386.69 and the company will have benefitted from a transitional adjustment of £1,816.81.

I am going to challenge my RV - what happens if I am successful?

If you challenge your rateable value and it is reduced back to the very beginning of the 2017 list i.e. from 1st April 2017; we will re-calculate your transitional adjustment based on the new RV.

If you have a material change part way through valuation period, ie alteration or improvement to your property, any change to the rateable value as a result would not be included in the transitional arrangements

What are the limits for the scheme?

For those facing an increase in their rateable value:

	17/18	18/19	19/20	20/21	21/22
Small	105	107.5	110	115	115
Medium	112.5	117.5	120	125	125
Large	142	132	149	116	106

So, a small business which has had an increase in their rateable value would have their increase in rates payable capped at 105% in the first year.

For those facing a reduction in their rateable value:

	17/18	18/19	19/20	20/21	21/22
Small	80	70	65	45	45
Medium	90	85	80	75	75
Large	95.9	95.4	94.1	94.2	95.2

So, a small business which has had a reduction in their rateable value would have their reduction in rates payable capped at 80% in the first year.