AGENDA ITEM 11

POLICY, FINANCE & ADMINISTRATION COMMITTEE

23 JANUARY 2013

REPORT OF HEAD OF COMMUNITIES AND NEIGHBOURHOODS

NATIONAL NON-DOMESTIC RATES RETURN 1 (NNDR1) 2013-14

1.0 THE PURPOSE OF THE REPORT

1.1 The NNDR1 form provides a framework for the calculation of non-domestic rating income as required by legislation and for the provision of information to Central Government for statistical purposes. This report calculates the NNDR1 return.

2.0 RECOMMENDATIONS

2.1 **It is recommended that:**

a) the NNDR1 return form at Appendix A is approved for submission to the Department for Communities and Local Government (DCLG) and to Leicestershire County Council and Leicestershire Fire Authority

b) the approval for the submission of the NNDR1 form for 2014-15 and future years is delegated to the Head of Central Services (Section 151 Officer)

3.0 Key Issues

3.1 Background

3.1.1 The NNDR1 form has been previously completed and certified by the Section 151 Officer prior to submission to the DCLG by the 31 of January each year. 2013-14 is the first year of the rates retention scheme and advice received by the Council is that the NNDR1 form should now be approved in the same way that the Council Tax Base (also on the agenda for this committee meeting) is approved.

3.1.2 The rates retention scheme has been to this committee previously, but in brief under the rates retention scheme, authorities will, from 1 April 2013, retain a percentage of the rates income that they collect. Further percentages will be paid to Central Government and to an authority's major precepting authorities – in Melton's case this will be to the County Council and the Fire and Rescue Authority.

3.1.3 The amount to be retained, and the amounts to be paid to Central Government and major precepting authorities are to be fixed at the start of the financial year on the basis of the billing authority's (Melton Borough Council) estimate of its non-domestic rating income for the year.

3.1.4 The basis on which an authority is to make the above estimate will be set out in regulations made under the provision of the Local Government Finance Act 1988 and the Government intends to lay draft regulations for consideration by parliament early in 2013. Draft regulations have been published for consultation and show the requirements on how to calculate the non-domestic rating income for the year 2013-14. These regulations also require the billing authority to calculate the sum due for that year (2013-14) to a) the Secretary of State in respect of the central share of Melton's non-domestic rating income and b) to the precepting authorities.

3.1.5 Calculations of these shares of the non-domestic rating income are recorded on the NNDR1 form (Appendix A). Line 36 of the NNDR1 form shows the net rate yield following the prescribed calculation as set out by the DCLG. Predominantly this is based on system generated information. The split for Central Government, Melton BC, Leicestershire CC and the Leicestershire Fire Authority is shown in the 'NNDR summary for Melton' box below line 40.

4.0 POLICY & CORPORATE IMPLICATIONS

4.1 The calculation of the NNDR1 form is a statutory requirement and needs to be signed off and submitted to the DCLG by 31 January 2013.

5.0 FINANCIAL & OTHER RESOURCE IMPLICATIONS

5.1 The retention regulations require a billing authority to calculate its non-domestic rating income for a year by estimating the net payments from ratepayers that will be credited to its collection fund income and expenditure account in that year. Once this has been calculated, these payments are set for the whole year and therefore the calculation needs to be as accurate as possible to ensure the income has been received to pay the shares to Central Government and the County and Fire Authorities.

5.2 Although the form predominantly uses data that is system generated there are some aspects of the form where the authority has to make a best estimate of the figure to use. For 2013-14 there are two significant 'new boxes' to complete which could have an impact on the final figure. The first of these is estimating the change in rateable value between 1 October 2012 and 30 September 2013. This has been calculated based on % increases in rateable value since 2007/08 and assumed growth in this period. The other major new calculation that has to be made is the Local Authority's estimate of an adjustment due to appeals. Again this is an extremely difficult figure to calculate as this is not something we have collated in the past and significant events could take place which could not be accounted for – e.g. fire destroying a non-domestic property or a major business going into liquidation. We have assumed a figure of 1.8% of the Gross rate Yield after reliefs figure (Line 20). This is broadly in line with most of the other districts within the County.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The authority's calculation of its non-domestic rating income for 2013-14, and the sums due to Central Government and major precepting authorities must be notified to both the Secretary of State and to any major precepting authority that is to receive a share of that income by 31 January 2013.

7.0 COMMUNITY SAFETY

7.1 There are no direct links to Community Safety arising from this report.

8.0 EQUALITIES

8.1 There are no direct equality issues arising from this report.

9.0 RISKS

9.1 The most obvious risk is that the Council over estimates the amount to be paid to Central Government and major precepting authorities. This has been mitigated by making a prudent estimate of the expected yield.

10.0 CLIMATE CHANGE

10.1 There are no direct climate issues arising from this report.

11.0 **CONSULTATION**

11.1 Consultation has taken place with other Local Authorities within the County around the calculation of the NNDR1 figures.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer:	Martyn Bowen
Date:	3rd January 2013
Appendices:	Appendix A – National Non-domestic Rates Return 1 2013-14
Background Papers:	Guidance notes for NNDR1: 2013-14 The Non-Domestic Rating (Rates Retention) Regulations 2012 (DRAFT)