*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 7

TITLE OF REPORT: NATIONAL NON-DOMESTIC RATE RETURN 1 – 2014/2015

REPORT OF THE HEAD OF REVENUES, BENEFITS & INFORMATION TECHNOLOGY
PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. SUMMARY

1.1 To inform members of changes to the reporting processes for the National Non-Domestic Rate Return 1 (NNDR1) and the fact that the NNDR1 Return has not yet been published.

1.2 To approve, if possible, the NNDR1 Return for 2014/2015.

1.3 To note that final Regulations and guidance have still to be published, which may require additional changes before the submission date of 31 January 2014.

2. RECOMMENDATIONS

2.1 That, subject to receipt of the final regulations and guidance from the DCLG before the meeting date, the Committee approves the NNDR1 Return to be supplied as Appendix 1.

2.2 That the Committee delegates any amendments on the Return resulting from regulations and guidance to be published before the submission date of 31 January 2014, to the Strategic Director of Finance, Policy and Governance, in consultation with the Chairman of the Committee.

3. REASONS FOR RECOMMENDATIONS

3.1 To comply with statutory requirements.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The provision to provide information contained within the NNDR1 is a statutory requirement.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 None applicable.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The Council has always had a requirement to make an NNDR1 Return to the Secretary of State each year, which has been the Council's estimate of the likely income from Non-Domestic Rates for the following financial year. There had not been a requirement, until last year for that Return to be approved by Members.

7.2 In December 2011 the Government published its proposals for a Business Rates Retention Scheme alongside the introduction of the Local Government Finance Bill, which became an Act in November 2012. The intention of this proposal was to ensure that a proportion of Non-Domestic Rates was locally retained.

7.3 In November 2012 the Government issued a Policy Statement reflecting its desire to see the Business Rates Retention Scheme at the heart of its reform agenda aimed at achieving two of its key priorities: economic growth and localism.

7.4 The amount to be retained by Billing Authorities, and the amount to be paid to Central Government and Major Precepting Authorities is to be fixed at the start of the financial year on the basis of the Billing Authority's estimate of its Non-Domestic Rating income for the year (the NNDR1 Return). For this reason, the Government has decided that this return should now be subject to approval by Members.

7.5 The basis on which a Billing Authority is to make that estimate was set out in regulations made under the provisions of the Local Government Act 1988.

7.6 The existing requirements for the calculation of Non-Domestic Rating income for the year are found in Schedule 1 of the Non-Domestic Rating (Rates Retention) Regulations (the Retention Regulations).

7.7 The Regulations require Billing Authorities to calculate the sum due, for that year, and inform;

a) The Secretary of State in respect of the "central share" of their Non-Domestic Rating income;

b) Their Major Precepting Authorities

7.8 Following the Autumn Statement, the Department for Communities and Local Government (DCLG) confirmed its intention to amend the NNDR1 Return to reflect the changes to Non-Domestic Rates announced by the Chancellor of the Exchequer. These changes include:

- A cap on the increase in Business Rates to 2% in 2014-15. Treasury to fund the difference between cap and RPI
- A further extension of the doubling of the Small Business Rates Relief (SBRR) to April 2015
- SBRR will be retained for one year when a company takes on additional premises, which would up to now have resulted in SBRR being lost
- A discount of up to £1,000 against Business Rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014-15 and 2015-16
- A 50% discount from Business Rates for new occupants of previously empty retail premises for 18 months. The relief will be granted to businesses moving into long-term empty retail properties on or after 1 April 2014 and on or before 31 March 2016.

7.9 These initiatives require significant changes to the existing NNDR1 Return and DCLG indicated that the revised form would be available by 20 December 2013.

7.10 At the time of preparing this report, DCLG has not issued the revised form and therefore it is not possible to append the Council's return to this report.

8. ISSUES

8.1 **Changes to The Financial Information Required In The NNDR1**

8.1.1 The Business Rates Retention Regulations require a Billing Authority to calculate its Non-Domestic Rating income by estimating the net payments from ratepayers that will be credited to its collection fund (after having taken account of any rate relief provided to ratepayers and any repayments made to ratepayers).

8.1.2 In completing the NNDR1, Billing Authorities will be required take account of the measures announced by the Chancellor in his Autumn Statement as detailed at 7.8 above, but no guidance is yet available on how this will be achieved.

8.1.3 It remains to be seen whether the revised NNDR1 Form will be published in time for the Council to complete the work required to table it on the night of the meeting or before.

8.1.4 Officers will do all that is possible to complete and distribute the Form to Members in advance of the meeting, but this will be dependent on when the Form is published.

8.1.5 If the delay in publishing the Form extends to just before or even after this meeting, a further meeting will need to be convened to approve the final submission.

8.1.6 Under the Rates Retention Scheme no amendments or adjustments can be made to the final NNDR 1 return during the 2014/15 financial year. It is no longer possible to submit a revised calculation (NNDR2) part way through a financial year if there are significant variations to the total rateable value in-year.

8.2 **The NNDR Return – Methodology and Assumptions Made**

8.2.1 In this part of the report, Officers would detail the methodology and any assumptions made in completing the NNDR 1 Return. However, as the format of the Return is not yet known, this information will have to be provided when Members are able to consider the document, either at this meeting or a newly convened one.

9. LEGAL IMPLICATIONS

9.1 Approval of the NNDR1 Return is delegated through the Constitution to this Committee.

9.2 The Council is aware that it has an obligation to submit its NNDR1 Return by 31 January 2014, but final Regulations and guidance have yet to be published. This has resulted in the recommendation at paragraph 2.2 that any necessary amendments to the Return resulting from future legislation or guidance be delegated to the Strategic Director of Finance, Policy & Governance, in consultation with the Chairman of the Committee.

10. FINANCIAL IMPLICATIONS

10.1 Under the Business Rates Retention element of local government funding, the provisional settlement no longer provides guaranteed funding levels, but rather the starting point for Authorities within the scheme. Ultimately, the level of Non-Domestic Rates collected by authorities in 2014/15 will determine the funding received for this element of their funding.

10.2 As Officers do not yet have the final Return to work on, it is not possible at the moment to determine what level of income from Business Rates the Council can expect in 2014/2015 and this figure will be made available to Members as soon as possible.

10.3 DCLG has also given no indication of the baseline amount, above which the Council would retain a proportion of the additional Business Rates collected nor of the safety net percentage, which would be the maximum amount that Business Rates collection could fall.

10.4 It is probable that the delay in issuing the NNDR1 Form is because DCLG is grappling with how the Autumn Statement changes can be funded and this may well mean that there will be changes to how the retention and safety net calculations are made.

11. RISK IMPLICATIONS

11.1 At this stage of the proceedings, the whole exercise is a risk because of the uncertainty. The true risks cannot be fully evaluated until the details have been announced.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 The submission of an NNDR1 return is a statutory one. This reports highlights the reporting process now requires the approval of Members. This does not impact on those that share a protected characteristic as the only change is one of process. If the manner in which NNDR was collected changed then this may affect those sections of the community.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of ‘social value’ as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human Resource implications in this report.

15. APPENDICES

15.1 Appendix 1 – NNDR1 Return (Not available at the time of preparing this report).

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17. BACKGROUND PAPERS

17.1 None.