*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.
	7

TITLE OF REPORT: NATIONAL NON-DOMESTIC RATE RETURN 1 – 2017/2018

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

1. SUMMARY

1.1 To inform Members of the reporting processes for the National Non-Domestic Rate Return 1 (NNDR1).

1.2 To note that the first version of the NNDR1 was received on 21 December 2016 from the Department for Communities and Local Government (DCLG). A second, revised version was received on 29 December 2016 and further revisions may well be received before submission date.

1.3 To note that the final version of the NNDR1 should be returned to DCLG by 31 January 2017, and that the Council will not be able to meet that deadline, due to circumstances beyond its control.

1.4 To delegate submission of the final NNDR1 to the Strategic Director of Finance, Policy and Governance in consultation with the Chairman of the Committee.

2. RECOMMENDATIONS

2.1 That the Committee notes the current position and the reasons why the Council is unable to submit its NNDR1 for 2017/2018 by the statutory deadline of 31 January 2017.

2.2 That the Committee delegates completion of the Return 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 as far as the Council is able 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.

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 Local authorities will be refunded for the loss in Business Rates receipts as a result of the above measure. Refunds will be made through Section 31 grants.

7.9 Under the business rates retention scheme local authorities are able to come together on a voluntary basis to pool their business rate income. A pooling arrangement allows the Council to reduce the amount of levy payable to Government on any business rate growth achieved above the baseline need. At its meeting on the 15 December 2015, Cabinet endorsed the decision to continue in a business rates pool with Hertfordshire County Council (HCC) and four other districts within the County.

8. ISSUES

8.1 The Non-Domestic Rating (Rates Retention) Regulations (SI 2013/452) 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).

8.2 2017-18 will be the fourth year for which authorities will be required, in accordance with Regulation 13 of the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) (as amended), to estimate the likely non-domestic rating surplus, or deficit on the Collection Fund for the current year.

8.3 Regulation 13 requires an authority to estimate the surplus/deficit that it believes will exist at 31 March 2017, on the basis of a statutory calculation set out in Schedule 4 to the Regulations (as amended). The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2017-18 non-domestic rating income.

8.4 The 2017-18 NNDR1 enables (in Part 4) the Billing Authority to provide its estimate of the 2017-18 Collection Fund surplus/deficit.

8.5 In completing the NNDR1, Billing Authorities will be required to take account of the measures announced by the Chancellor in his Autumn Statement.

8.6 The Government announced some time ago its intention to significantly extend the Small Business Rate Relief Scheme from 1 April 2017. Unfortunately, detailed regulations have still not been laid, in particular relating to the tapered reduction in Relief for properties with Rateable Values between 12,000RV and 15,000RV, making it impossible for software suppliers to develop their software in time for the NNDR1 to be submitted by 31 January 2017.

8.7 A further complication for 2017/2018 is the revaluation coming into force on 1 April 2017 and the associated Transitional Relief Scheme.

8.8 Previous Transitional Schemes have been based on two categories of property, small and large. The intention for the Scheme coming into force on 1 April 2017 is for three categories of property, small, medium and large and this change, which has only recently been confirmed will require a significant change to the underlying software

8.9 Under the Rates Retention Scheme no amendments or adjustments can be made to the final NNDR 1 return during the 2017/18 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.

8.10 Consequently, because of the repercussions of local retention it would be very unwise to make any manual or estimated calculation of the Council's NNDR1 Return, without the use of the software necessary to make the calculations.

8.11 DCLG has been repeatedly warned by all software suppliers that the delays in finalising these regulations would make it impossible for Councils to submit their NNDR1 Returns by 31 January 2017.

8.12 The Council's software supplier Northgate, which is the market leader has advised its Users that it will be the end of January before they will be able to release the revised software and on that basis, the Council will seek to submit the NNDR1 as soon as possible after taking delivery of the software.

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 2017, but DCLG has made it impossible to meet this deadline by its late laying of Regulations. (The SBRR Regulations had still not been laid when this report was prepared). This has resulted in the recommendation at paragraph 2.2 that completion of the Return be delegated to the Strategic Director of Finance, Policy & Governance in consultation with the Chairman of the Committee.

10. FINANCIAL IMPLICATIONS

10.1 It is not possible at the moment to comment on the financial implications as it is not possible to obtain the data necessary to complete the Return.

11. RISK IMPLICATIONS

11.1 The NNDR1 is an estimate of the amount of rates that the Council will expect to collect in 2017/2018. As with any estimate, there is always the risk that it will prove to be inaccurate.

11.2 To mitigate this, trend data for previous years will be used whenever possible and where assumptions have had to be made, these will be made with a cautious view.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1 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 paragraphs 12.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human Resource implications in this report.

15. APPENDICES

15.1 None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 None.