

15 January 2025

Our Ref Council Tax Setting Committee 23
January 2025
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To: Members of the Committee: Councillors Ian Albert (Chair), Val Bryant (Vice-Chair),
Ruth Brown, Ralph Muncer and Alistair Willoughby

Substitutes: Councillors David Barnard, Rhona Cameron, Lisa Nash, Sean Nolan,
Stewart Willoughby and Paul Ward

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE COUNCIL TAX SETTING COMMITTEE

to be held in

**ROOM 2, DISTRICT COUNCIL OFFICES, LETCHWORTH
GARDEN CITY, SG6 3JF**

On

THURSDAY, 23RD JANUARY, 2025 AT 5.30 PM

Yours sincerely,

Jeanette Thompson
Service Director – Legal and Community

****MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION ON YOUR TABLET BEFORE ATTENDING THE MEETING****

Agenda

Part I

Item		Page
1. APOLOGIES FOR ABSENCE	Members are required to notify any substitutions by midday on the day of the meeting. Late substitutions will not be accepted and Members attending as a substitute without having given the due notice will not be able to take part in the meeting.	
2. MINUTES - 29 JANUARY 2024	To take as read and approve as a true record the minutes of the meeting of the Committee held on the 29 January 2024.	(Pages 5 - 8)
3. NOTIFICATION OF OTHER BUSINESS	Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chair will decide whether any item(s) raised will be considered.	
4. CHAIR'S ANNOUNCEMENTS	Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
5. PUBLIC PARTICIPATION	To receive petitions, comments and questions from the public.	
6. COUNCIL TAX BASE 2025/26	REPORT OF THE SERVICE DIRECTOR – CUSTOMERS To set the Council Tax Base for 2024/2025 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations).	(Pages 9 - 18)

7. NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) - 2025/2026
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS

(Pages
19 - 24)

To inform Members of the reporting processes for the NNDR 1 Return and to approve the Draft NNDR1 Return for 2025/2026.

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Public Document Pack Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

COUNCIL TAX SETTING COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH GARDEN CITY
ON MONDAY, 29TH JANUARY, 2024 AT 5.00 PM

MINUTES

Present: *Councillors: Ian Albert (Chair), Ruth Brown (Vice-Chair), Matt Barnes, Elizabeth Dennis and Terry Hone.*

In Attendance: *Susan Le Dain (Committee, Member and Scrutiny Officer), Jo Dufficy (Service Director - Customers), Geraldine Goodwin (Revenues Manager), James Lovegrove (Committee, Member and Scrutiny Manager) and Mark Scanes (Systems and Technical Manager).*

Also Present: *There were no members of the public present.*

43 APOLOGIES FOR ABSENCE

Audio recording – 1 minutes 27 seconds

No apologies for absence were received.

44 MINUTES - 28 FEBRUARY 2023

Audio Recording – 1 minute 33 seconds

Councillor Ian Albert proposed and Councillor Elizabeth Dennis seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 28 February 2023 be approved as a true record of the proceedings and be signed by the Chair.

45 NOTIFICATION OF OTHER BUSINESS

Audio recording – 2 minutes 17 seconds

There was no other business notified.

46 CHAIR'S ANNOUNCEMENTS

Audio recording – 2 minutes 25 seconds

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded.
- (2) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (3) The Chair advised that Members were required to be present for the entire item at this meeting in order to take part in the vote.

47 PUBLIC PARTICIPATION

Audio recording – 2 minutes 59 seconds

There was no public participation at this meeting.

48 COUNCIL TAX BASE 2024/25

Audio recording – 3 minutes 3 seconds

The Service Director – Customers, presented the report entitled ‘Council Tax Base 2024/2025’, and advised that:

- Setting the Council Tax Base was an annual statutory requirement.
- Appendix A detailed the breakdown for each Town and Parish Council.
- Appendix B detailed how the Council Tax Base was calculated.
- There was a 0.2% decrease in Council Tax Base for 2024/25 which was due to the changes to the Council Tax reduction scheme to enable more support to families on lower incomes.
- The collection of Council Tax remained high at 99%.
- It was important to note that Council Tax was not always collected in the year it was due.
- The non-collection rate was set to 1% as in previous years.

Councillor Ian Albert proposed and Councillor Elizabeth Dennis seconded and, the outcome of the vote was as follows:

VOTE TOTALS:

YES:	5
ABSTAIN:	0
NO:	0
TOTAL:	5

NUMBER OF DELEGATES PRESENT: 5

THE INDIVIDUAL RESULTS WERE AS FOLLOWS:

Cllr Ian Albert	YES
Cllr Elizabeth Dennis	YES
Cllr Matt Barnes	YES
Cllr Ruth Brown	YES
Cllr Terry Hone	YES

Therefore, it was:

RESOLVED: That the Committee:

- (1) Set a non-collection rate of 1% for 2024/2025.
- (2) Set the Council Tax Base for 2024/2025 at 50,562.6 and that the individual sums shown in Appendix A for each Parish was agreed.

REASON FOR DECISIONS: To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2024/2025.

49 NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) 2024/25

Audio recording – 7 minutes 32 seconds

The Service Director – Customers, presented the report entitled 'National Non-Domestic Rate Return 1 (NNDR1) 2024/25', and advised that:

- This was an annual statutory return which was required to be returned by 31 January each year.
- The form traditionally followed the government Autumn Statement and incorporated any changes made to Business Rates.
- Each year this form was sent to the Council with a tight turnaround from the date the form was received to the date it had to be returned.
- This year the form was received on 8 January and the NNDR1 had been circulated earlier today to Members.
- Due to the tight turnaround recommendation 2.3 delegated authority to enable Officers to be able to make changes to the return and to seek additional guidance if required.

The Systems and Technical Manager advised:

- From 1 April 2024 authorities were required to detail gross rates payable for 2024/25 split between the Small Business Rate (SBR) multiplier and the National Non-Domestic Rate (NNDR) multiplier.
- The SBR multiplier had been frozen in the autumn budget statement and it now included every property under £51,000 regardless of any previous legislation.
- The NNDR multiplier had been increased for 2024/25 year from 51.42 to 54.7 to compensate for the lack of the SBR multiplier being raised.
- The Council was now in the second year of a three-year transitional scheme.
- The draft NNDR1 was an estimate of the expected income the Council would expect to receive through Business Rate collections in 2024/25.

Councillor Ian Albert proposed and Councillor Elizabeth Dennis seconded, following at vote, it was:

RESOLVED:

- (1) That the Draft NNDR 1 was approved.
- (2) That it was noted that a 2nd draft version of the NNDR was sent to Councils by the Department for Levelling Up Housing and Communities (DLUHC) on Monday 8th January 2024. The final version of the NNDR 1 would need to be returned to DLUHC by Wednesday 31st January 2024.
- (3) That the Committee delegated any amendments to the return resulting from changes to the form and any additional guidance, to the Service Director – Customers in consultation with the Service Director – Resources and the Committee Chair.

REASON FOR DECISIONS: To comply with statutory requirements.

The meeting closed at 5.12 pm

Chair

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COUNCIL TAX SETTING COMMITTEE
23rd January 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX BASE 2025/2026

REPORT OF: SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1 To set the Council Tax Base for 2024/2025 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations)

2. RECOMMENDATIONS

- 2.1 That the Committee is recommended to set a non-collection rate of 1% for 2025/2026.
- 2.2 That the Committee is recommended to set the Council Tax Base for 2025/2026 at 50,836.3 and that the individual sums shown in Appendix A for each Parish be agreed.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2025/2026.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. As set out in paragraph 8.5, the Council can assume that there will be growth in the tax base, either prior to the relevant year or during the year. However, for 2025/26 this is not considered to be a prudent approach.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is no requirement to consult regarding the setting of the tax base as it is a legislative requirement to calculate the tax base each year and is based on actual data which cannot be amended.
- 5.2 The tax base calculation is impacted by the number of properties in receipt of council tax reduction (CTR). As we set our CTR scheme locally (for working age claimants) we do

consult on the CTR scheme each year, regardless of whether there are changes proposed or not.

- 5.3 The County Council, the Police & Crime Commissioner (PCC) for Hertfordshire and the public have been consulted in relation to the Council Tax Reduction Scheme for 2025/2026, although there are no significant changes.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 The Regulations require that a formal resolution be made to determine the tax base. The Regulations also require that this calculation is made between 1 December and 31 January. It cannot wait until the 'tax-setting' meeting in February because the result must be notified to the County Council, Police & Crime Commissioner for Hertfordshire, and Local Councils by 31 January in each year. Each Council is therefore required to present the calculation of the tax base for tax-setting at a meeting during December or January.

8. RELEVANT CONSIDERATIONS

Council Tax Reduction Scheme

- 8.1 The amount of Council Tax Reduction awarded directly affects the tax base by reducing it by the equivalent number of Band D properties proportionate to the amount of expenditure. This is now established within the council's tax base.

The Calculation

- 8.2 Appendix B gives an illustrative example of the council's tax base calculation for Letchworth Garden City. This is replicated amongst all areas of the district to give a final total of 50,836.3, which is seen at Appendix A. The result is not a whole number of properties as it includes discounts, the impact of CTR, the impact of the non-collection rate and the conversion of properties into Band D equivalents. Properties are assigned to a band from A to H, and legislation sets out how these are converted into a standardised number (i.e., Band D equivalents)
- 8.3 This is an increase in the Council Tax Base of 273.7 compared with 2024/2025 or 0.54%
- 8.4 For the years prior to 2021/22 an allowance had been made for properties expected to come into the list before the end of the financial year to which the tax base refers. As agreed for the years since 2021/22, the tax base is based on the assumption that potential property completions are ignored in the tax base calculation and are only included once the property is either occupied or if the property is completed, we have served a completion notice. This is a prudent approach when there is high uncertainty over any growth in the tax base.

Non-Collection Rate

- 8.5 In setting its tax base, the Council has always had to decide on its expected level of non-collection. Since 1995/1996, the Council has assumed a non-collection rate of 1%.
- 8.6 It should be borne in mind when considering the non-collection rate that there are a few factors, other than eventually non-collected payments, which will impact on the total value of Council Tax that is collected, and these are as follows:
- (i) The level of successful appeals against banding valuations
 - (ii) The impact of new properties coming into tax either before the start of the year or during the year
 - (iii) The number of disablement applications, premiums, Discounts and Exemptions, such as single persons discount and student exemptions.
 - (iv) The value of Council Tax Reduction Scheme awards
- 8.7 Any surplus (or deficit) on the council tax collection fund is split between the major precepting authorities (the County Council, Hertfordshire Police, and this Council) in proportion to the relative level of precept on the fund (expected to be around 76%,12%,12% County/Police/District in 2025/2026).
- 8.8 The in-year collection performance in 2024/2025 is slightly lower than that of 2023/2024 (80.74% compared with 81.47% at the end of December). It is becoming apparent that there are collection challenges which can be associated with the cost-of-living crisis, even so this does represent a considerable achievement in maintaining collection rates at a high level. The value of instalments extended into February and March is 5.94% of the total collectable debit which is slightly higher compared to last year at 5.67%. This continues to reflect the assistance that has been given to customers in extending their instalments beyond the standard ten instalments ending in January each year and does attribute to the slightly lower collection at the end of December 2024.
- 8.9 In setting the non-collection figure, members should be mindful that this is based on the ultimate expected collection rate and not the in-year collection rate. Ultimate collection rates remain high. Each previous financial year is now over 99.0% and for every year before 2017/2018 had reached over 99.5%.
- 8.10 Analysis of the council's collection performance shows that actual collection can expect to reach 99.5% within three to four years and 99.9% within ten years. On that basis, officers are recommending that, even with the continued circumstances this year, the non-collection rate should remain at 1% for 2025/2026.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution provides at 10.2 the Council Tax Setting Committee Terms of Reference and specifically at 10.2.1 (a) states that the committee will have the

responsibility to “Set the Council Tax Base in accordance with the Local Authority (Calculation of Council Tax Base) Regulations 2012.”

- 9.2 In accordance with the Local Government Finance Act 1992 and related Statutory Instruments, the Authority is required to determine its Council Tax Base by no later than 31st January in the preceding financial year.
- 9.3 The formula to be used for the calculation of the Council Tax Base is set out in the Local Authority (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The content and timing of the supply of information from and to the Major Precepting Authorities and the Billing Authority is regulated by the Local Authority (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

10. FINANCIAL IMPLICATIONS

- 10.1 The council tax base agreed will be used to determine the total actual level of council tax levied by the council at its meeting in February 2025.
- 10.2 Based on the current Band D council tax of £260.01, the council tax base of 50,836.3 will result in projected income from council tax of £13,217,946, for North Herts Council compared to £12,765,034 in 2024/2025. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the council tax rate in 2025/2026, which will increase the projected income from council tax. The provisional Local Government finance settlement has proposed a referendum threshold for increases above 3% for District Councils.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 As explained at 8.7, any shortfall in the collection fund would have to be made up by the major precepting authorities in proportion to the level of precept. Due to the pressures on Council finances, increases in Council Tax are expected to be at the limits imposed by Government. Therefore, any shortfalls need to be met through reserves and/or reductions in spend.
- 11.3 The Council has established processes in place for calculating the tax base and comparison with previous years provides a sense-check of the calculated value. By not assuming any growth, it reduces the risk of the tax base value being over-stated. Collection Fund balances are monitored throughout the year and reported as part of the quarterly Revenue Monitoring report.

12. EQUALITIES IMPLICATIONS

- 12.1 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.
- 12.2 There are no direct equality implications arising from this report. Ensuring that the council has sufficient income to deliver the services that residents rely on whilst keeping council tax levels at an appropriate level is important. Those services may include those that have a protected characteristic so maintaining may be especially important.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 There are no known Environmental impacts or requirements that apply to this report

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no Human Resource implications in this report.

16. APPENDICES

- 16.1 Appendix A – Council Tax Base by Parish 2025/2026
- 16.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

17. CONTACT OFFICERS

- 17.1 Geraldine Goodwin, Revenues Manager
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- 17.4 Rachel Cooper, Controls, Risk and Performance, Manager
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17.7 Ellie Hollingsworth
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18. BACKGROUND PAPERS

18.1 None

Appendix A

Ashwell	901.70
Barkway	438.90
Barley	338.20
Bygrave	129.40
Caldecote & Newnham	56.70
Clothall	86.90
Codicote	1711.30
Graveley	175.50
Great Asby	2012.10
Hexton	66.80
Hinxworth	162.60
Holwell	160.20
Ickleford	898.10
St Ippolyts	948.50
Kelshall	80.90
Kimpton	1062.50
Kings Walden	425.00
Knebworth	2018.70
Langley	89.20
Lilley	178.00
Nuthampstead	71.30
Offley	616.30
St Pauls Walden	582.10
Pirton	702.50
Preston	246.10
Radwell	58.30
Reed	160.60
Rushden & Wallington	212.10
Sandon	247.50
Therfield	267.50
Weston	446.40
Wymondley	431.20
Baldock	3800.60
Hitchin	12613.70
Letchworth	11567.30
Royston	6871.60
Total	50836.30

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COUNCIL TAX BASE CALCULATION 2025/2026 - LETCHWORTH

DESCRIPTION	DIS BAND	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
NUMBER ON LIST		869	3,286	6,410	1,471	1,832	899	499	27	15,293
LESS NUMBER EXEMPT		30	69	79	25	25	10	1	1	240
LESS NUMBER DEMOLISHED		0	0	0	0	0	0	0	0	0
NUMBER OF CHARGEABLE DWELLINGS		839	3,217	6,331	1,446	1,807	889	498	26	15,053
LESS DISABLEMENT ADJUSTMENT		0	9	35	19	18	5	7	5	98
PLUS DISABLEMENT ADJUSTMENT		0	9	35	19	18	5	7	5	98
ADJUSTED CHARGEABLE DWELLINGS		0	848	3,243	6,315	1,445	1,794	891	496	15,053
SINGLE DISCOUNTS - SOLE OCCUPIERS		0	553	1,822	1,891	357	379	162	56	5,225
SINGLE DISCOUNTS - DISREGARDED OCCUPIERS		0	1	26	61	7	8	5	3	111
50% DISCOUNT - DISREGARDED OCCUPIERS		0	1	9	2	4	6	2	5	29
10% DISCOUNT - SECOND HOMES		0	1	7	15	3	10	0	1	38
ZERO DISCOUNT - LONG TERM EMPTY		0	29	40	52	10	14	9	3	157
EFFECT OF FAMILY ANNEXE DISCOUNTS	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1
100% DISCOUNT - LONG TERM EMPTY		0	1	18	19	3	1	1	0	43
EMPTY HOME PREMIUM - 2-5 Years		0	18	11	5	1	1	4	0	40
EMPTY HOME PREMIUM - 5-10 Years		0	0	2	2	0	0	1	0	5
EMPTY HOME PREMIUM - Over 10 Years		0	0	0	1	0	0	0	0	1
TOTAL EMPTY		0	48	71	79	14	16	15	3	246
DWELLINGS WITH 100% LIABILITY (IGNORING ANNEXES)	0	273	1,348	4,319	1,070	1,389	716	431	15	9,561
DWELLINGS SUBJECT TO DISCOUNT (IGNORING ANNEXES)		0	557	1,882	1,988	374	404	170	65	5,446
DWELLINGS SUBJECT TO PREMIUM		0	18	13	8	1	1	5	0	46
NUMBER TO ENTER LIST BEFORE 1 APRIL 2025		0	0	0	0	0	0	0	0	0
NUMBER TO ENTER LIST DURING THE YEAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER ON LIST TO FALL OUT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EFFECT OF DISCOUNTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EFFECT OF ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AGGREGATE OF DWELLINGS	0.00	725.90	2,770.80	5,815.50	1,349.70	1,693.25	852.75	478.65	19.65	13,706.20
Less Council Tax Reduction Scheme	0.0	212.5	785.3	840.6	60.0	32.2	8.3	0.7	0.0	
Net Dwellings	0.0	513.4	1,985.5	4,974.9	1,289.7	1,661.0	844.5	477.9	19.7	
AGGREGATE x MULTIPLIER	0	342.3	1544.3	4422.1	1289.7	2030.1	1219.8	796.5	39.3	11684.1
EFFECT OF COLLECTION RATE X 99.0%	0	338.9	1528.9	4377.9	1276.8	2009.8	1207.6	788.5	38.9	11567.3

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COUNCIL TAX SETTING COMMITTEE
23rd January 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) - 2025/2026

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: THRIVING COMMUNITIES

1. EXECUTIVE SUMMARY

- 1.1 To inform Members of the reporting processes for the NNDR 1 Return
- 1.2 To approve the Draft NNDR1 Return for 2025/2026. This will be made available to Members as soon as possible ahead of the meeting and subject to a review by LG Futures on 20th January 2025.

2. RECOMMENDATIONS

- 2.1. That the Draft NNDR 1 (to be submitted) is approved.
- 2.2. That it be noted that a 2nd draft version of the NNDR1 was sent to Councils by the Ministry of Housing, Communities & Local Government (MHCLG) on Monday 16th December 2024. The final version of the NNDR1 will need to be returned to MHCLG by Wednesday 31st January 2025.
- 2.3. That the Committee delegates any amendments to the return resulting from changes to the return and any additional guidance, to the Service Director – Customers in consultation with the Service Director – Resources and the Committee Chair.

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. Therefore, not complying to statutory requirements is not suggested.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. This is a statutory return and not subject to consultation.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore 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 based on 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. There are subsequent adjustments to reflect the amounts that are collected.
- 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

8. RELEVANT CONSIDERATIONS

The Financial Information Required in The NNDR1

- 8.1. The Non-Domestic Rating (Rates Retention) Regulations 2013 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. 2025/2026 will be the twelfth 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 on 31 March 2025, based on 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 2025/2026 non-domestic rating income.
- 8.4. The NNDR1 traditionally follows the Government's Autumn Statement and is amended each year to take into consideration any changes to Business Rates made in that Statement/Budget.
- 8.5. From 1st April 2024 Billing authorities are required to show gross rates payable for the 2025/2026 financial year split between the Small Business Rate (SBR) multiplier and the National Non-Domestic Rate (NNDR) multiplier. In the autumn budget statement, the Chancellor announced that the SBR multiplier will again be frozen for 2025/2026 at 49.9p whereas the NNDR standard multiplier will be uplifted in line with the September CPI to 55.5p.
- 8.6. From 1st April 2023 a new Local Rating List (Valuation List) with an antecedent Valuation date of 1st April 2021 took effect. The next Revaluation will be effective from 1st April 2026 with an Antecedent Valuation date of 1st April 2024.
- 8.7. The NNDR1 return for 2025/2026 was circulated to Councils on Friday 13th December 2024. A revised form was received on Monday 16th December 2024, with some further explanatory guidance on 20th December 2024.
- 8.8. Officers will be working to complete the return as soon as possible and it will be submitted to Members when completed.
- 8.9. We have been advised by the MHCLG of several policy intentions that were included in the 2024 Budget for implementation in 2025/2026. These policy intentions can be summarised as:
- The 3rd year of Exchequer funded 3-year Transitional scheme for upward increase only.
 - Reduction from 75% to 40% of the relief for retail, hospitality & leisure properties up to £110,000 per business
 - Continuation of the gross rates payable for all properties with a Rateable Value below £51,000 will be calculated using the Small Business Rate multiplier.
 - The understanding from the budget that will be the removal of mandatory relief for Private Schools, however regulations have yet to be changed.
 - The introduction of Improvement Relief has yet to materialise from the Valuation Office Agency, we cannot estimate the impact of this
- 8.10. The law requires that the NNDR1 must be returned to MHCLG by 31 January 2025 and consequently, the Council will have to comply with this, in the knowledge that when the

Budget implications become law, the NNDR1 will be inaccurate, and the Council may be required to submit a revised version.

9. LEGAL IMPLICATIONS

- 9.1. The provisions for business rates retention were brought in under Schedule 1 of the Local Government Finance Act 2012. Approval of the NNDR1 return is delegated through the Council's Constitution to this Committee pursuant to its terms of reference at 10.2.1(c) and 10.2.2 of the Constitution.
- 9.2. The Council is aware that it has an obligation to submit its NNDR1 return by 31 January 2025 pursuant to regulation 13 of the Non-Domestic Rating (Rates Retention) Regulations 2013/452, but MHCLG has made the proviso that further iterations of the return may yet be issued. This has resulted in the recommendation at paragraph 2.3 that any necessary amendments to the return resulting from future legislation or guidance be delegated to the Service Director - Customers in consultation with the Service Director – Resources and Chair of this 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 2025/2026 will determine the amount received for this element of their funding. In the provisional funding settlement, each Authority is set a Business Rate baseline, which is based on a MHCLG determination of funding need. The Council bases its budget calculations on this baseline level.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. The NNDR1 is an estimate of the amount of business rates that the Council will expect to collect in 2025/2026. As with any estimate, there is always the risk that it will prove to be inaccurate.
- 11.3. To mitigate against this, trend data for previous years will be used wherever possible and where assumptions have to be made, these will be made with a cautious view. However, due to the introduction of the 2023 Rating List the reliance of trend data may not in this instance be of much use.
- 11.4. At the end of the 2025/2026 financial year, an NNDR 3 will be completed and audited, which will determine the final position in terms of Business Rates collected for 2025/2026. Therefore, the main risk is in relation to cash flow, as payments are made in year, based on the estimate. If an overpayment is made, it may be some time before the money is reimbursed as payments are made in year and based on the estimate.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their 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.
- 12.2. The submission of an NNDR1 return is a statutory one. This report highlights the reporting process and 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 business rates was collected changed, then this may affect those sections of the community and would be considered in a separate equalities implications assessment.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no Human Resource implications.

16. APPENDICES

- 16.1 Appendix 1 – Draft NNDR1 return to be submitted as soon as possible.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 None

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