COUNCIL TAX SETTING COMMITTEE
14 JANUARY 2021

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) - 2021/22

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

1.1 To inform Members of the reporting processes for the NNDR 1 Return

1.2 To approve the Draft NNDR 1 Return for 2021/22. This will be made available to Members as soon as possible ahead of the meeting.

2. RECOMMENDATIONS

2.1. That the Draft NNDR 1 (to be submitted) is approved.

2.2. That it be noted that a draft version of the NNDR was sent to Councils by the Ministry for Housing, Communities and Local Government (MHCLG) at 18.07hrs on Friday 18th December 2020. The final version of the NNDR 1 will need to be returned to MHCLG by Friday 31st January 2021.

2.3. That the Committee delegates 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.

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 NNDR 1 is a statutory requirement.

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 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. There are subsequent adjustments to reflect the amounts actually 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 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).

8.2. 2021/2022 will be the eighth 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 2021, 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 2021/2022 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. Members will be aware that due to Parliamentary time being taken up with Brexit and the on-going Coronavirus Pandemic, there has not been an Autumn Budget in 2020 and this is now expected to be delivered in the Spring of 2021.

8.6. The NNDR1 Form for 2021/2022 was circulated to Councils at 18.07hrs on Friday 18th December. The lateness of this has made it impossible to carry out the work required to complete the form in time for the deadline of submission of reports for this Committee.

8.7. Due to the on-going Coronavirus Pandemic and the substantial effect on business, there is considerable doubt as to whether this is the version to be submitted, but in the absence of any further advice, the Council is working on the basis that this is the most up-to date version.

8.8. Officers will be working to complete the form as soon as possible and it will be submitted to Members when completed.

8.9. The position is further complicated because we have been advised by MHCLG of a number of policy intentions that will be included in the Budget for implementation in 2020/2021, but as these are not law at the moment, they are not reflected in the NNDR1. These policy intentions can be summarised as:

- Re-introduction of Pub Relief
- Public Lavatory Relief

8.10. The law requires that the NNDR1 has to be returned to MHCLG by 31 January 2021 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. 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 2021, but MHCLG has made the proviso that further iterations of the Form may yet be issued. This is especially relevant this year due to the expectations that changes will be made when the Budget is announced. 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 2021/2022 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.

11. RISK IMPLICATIONS

11.1. The NNDR1 is an estimate of the amount of business rates that the Council will expect to collect in 2021/2022. As with any estimate, there is always the risk that it will prove to be inaccurate.

11.2. 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.

11.3. At the end of the 2021/2022 financial year, an NNDR 3 will be completed and audited, which will determine the final position in terms of Business Rates collected for 2021/2022. Therefore, the main risk is in relation to cash flow.

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 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.

12.3. 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.

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

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18. BACKGROUND PAPERS

18.1 None