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NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	NATIONAL NON DOMESTIC RATES 2013-14

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	19th December 2012
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Finance & Resources
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	All

1. Purpose

1.1 The original National Non-Domestic Rating form 1 (NNDR1) regulations are under the LGFA1988 paragraph 5(2) of Schedule 8 (which requires authorities to calculate their provisional non-domestic rating contribution for the forthcoming financial year, at such time as the Secretary of State directs).

1.2 By means of the direction powers in paragraph 40 of section 1 to the Local Government Finance Bill, the Government requires billing authorities to provisionally complete the NNDR1 by mid-December and send it to DCLG and any relevant precepting authorities in its area. By 30 January confirmation that the NNDR1 is correct will be required by DCLG and relevant precepting authorities. This will be after it has been signed off by the council. Any changes can also be resubmitted.

1.3 Note: 30 January is the same date by which billing authorities must notify their council tax base to their precepting authorities.

2. Recommendations

2.1 That Cabinet recommend the approval of the NNDR1 form for 2013/14 to Council as attached in appendix 1.

2.2 That Cabinet delegate to the Director of Resources in consultation with the Cabinet Member for finance to make any technical adjustment necessary arising from the draft local government settlement.

3. Issues and Choices

3.1 Report Background

3.1.1 Annually, each billing authority estimates the business rates income that it expects to collect in the next financial year. For this purpose, billing authorities use the National Non-Domestic Rating form 1 (NNDR1)

3.1.2 They must complete the form and send to DCLG and their relevant precepting authorities on a provisional basis by mid-December and following approval by the local authority in final form by 30 January immediately proceeding the financial year to which it relates.

3.1.3 The rateable value and rating multiplier will be the starting point for the NNDR1, allowing the authority to determine a gross yield figure for the year. The billing authority is then able to adjust the gross yield figure to reflect local intelligence about likely increases, or decreases, in the gross rates collected for the year. In this way, authorities will be able to take account of prospective physical changes to the rateable property in their area.

3.1.4 From the gross yield figure, authorities will need to deduct:

- The amount of small business rate relief that they anticipate giving;
- The total of all mandatory and discretionary reliefs;
- Rates yield in Enterprise Zones, (in accordance with the terms of any Order made under paragraph 37, schedule 1 to the Local Government Finance Bill;
- Rates yield in respect of an approved New Development Deal scheme
- Rates yield in respect of renewable energy schemes
- Costs of collection – as determined by DCLG

3.1.5 Authorities will need to add to the gross yield figure:

- The additional yield generated to finance small business rates relief,
- Any additional rates that they anticipate collecting as a result of ratepayers having deferred their 2012-13 rates bills

3.1.6 Authorities will also be expected to make a reduction to the gross yield figure to reflect losses on collection. This will comprise two elements:

- Provision for bad debts; and,
- Provision for future losses on appeal,

3.1.7 DCLG will provide indicative figures based on:

- The average losses in collection reported by authorities
- The historic differences between estimates and actual performance

3.1.8 However, the NNDR1 form will allow authorities the ability to adjust these figures, upwards, or downwards, to reflect their local intelligence.

3.1.9 This will give a figure for the billing authority’s estimated net rating income for the year. It is this figure that should be used to determine the payments that are due to central government, by way of central share, and to any relevant precepting authorities.

3.1.10 The figure takes no account of the financial impact of any transitional arrangements, these are dealt with separately.

3.1.11 The estimate of business rates income in the NNDR1 will be used by central Government to determine a schedule of payments for the payment, by the billing authority, of the central share due to central government.

3.1.12 The estimate will also form the basis on which a billing authority and its relevant precepting authorities work out a schedule of payments for the business rates income due to the precepting authority.

3.1.13Once the NNDR1 has been completed and sent to DCLG and relevant precepting authorities, billing authorities and precepting authorities will be able to set their budgets.

3.1.14 On the basis of the estimates of business rates income in NNDR1s, it will be possible to determine authorities’ provisional eligibility for safety net payments for the forthcoming financial year. The Government will confirm provisional safety net payments to authorities on the strength of the provisional NNDR1s returned in mid-December. Authorities can then include the sums in their budgets and the Government will build them into the schedule of payments

3.2 Issues

3.2.1 The report represents the application of a prescribed process.

3.3 Choices (Options)

3.3.1 To approve the recommendations in the report

4. Implications (including financial implications)

4.1 Policy

4.1.1 None

4.2 Resources and Risk

4.2.1 No resource required. The base has to be determined by the 30th January 2013 by Full Council

4.3 Legal

4.3.1 These are covered within the body of the report.

4.4 Equality

4.4.1 None

4.5 Consultees (Internal and External)

4.5.1 Internal: Finance & Support – Section 151 Officer

Legal Services – Solicitor to the Council

4.5.2 External: None

4.6 How the Proposals deliver Priority Outcomes

4.6.1 None

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 None

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