

Report to the Cabinet

Report reference: C-029-2012/13
Date of meeting: 22 October 2012



Portfolio: Finance and Technology
Subject: Non Domestic Rates - NNDR1 Form
Responsible Officer: Bob Palmer (01992 564279).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That Cabinet recommend to Council that authority to approve the NNDR1 form be delegated to the Finance and Technology Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee.

Executive Summary:

As part of the reform of Local Government finance a proportion of Non-Domestic Rates will in future be retained locally, rather than paid in to the central pool. This will greatly increase the importance of the NNDR1 form, which sets out the anticipated amount of Non-Domestic Rates that will be collected in the coming year. The completion of the NNDR1 form now becomes a key part of the budget process similar to the decision for setting the Council Tax base.

The Local Government Finance Bill is likely to require the formal approval of the NNDR1 form by Council in the same manner as the setting of the Council Tax base. As there may be little time between when the Bill has completed its passage through Parliament and when the budget needs to be approved, the recommendation above is intended to put the necessary process in place in advance.

Reasons for Proposed Decision:

To ensure that an appropriate approval process exists and avoid any potential delays or additional meetings later in the budget cycle.

Other Options for Action:

The decision could be reserved to Council but this may necessitate an additional meeting of Council.

A decision could be delayed until after the Local Government Finance Bill had been enacted, although this may delay the budget process or necessitate additional meetings.

Report:

1. The Local Government Finance Bill which is currently working its way through the Parliamentary stages is due to come into effect from 1 April 2013. One major component of

the new legislation will be the local retention of 50% of Non Domestic Rates (NDR) by billing authorities, shared with County Councils, currently proposed as an 80:20 split. Currently, all the NDR that EFDC collects is passed back to the Government and the Council receives a sum back as part of its overall grant funding package.

2. Before the start of each financial year officers have to send a NNDR1 form to the Department for Communities and Local Government (DCLG). This form specifies the tax base for business properties in the forthcoming year and is used by DCLG to set a schedule of payments that have to be made into the central pool. During the year if the amount of NDR changes significantly officers can submit a NNDR2 form to amend the schedule of payments. After the year end a NNDR3 form is completed with the actual figures for the year and the difference between the estimated and actual amounts is either paid over to or received back from DCLG.

3. In the current system no formal Member approval is required of any of the NNDR forms. The Council is acting as the collection agent for DCLG and the collection and payment over of NDR has little direct effect on the Council's own finances.

4. As retained business rates will in the future provide approximately 45% of the Council's central financing (the remainder still coming from Revenue Support Grant) the NNDR1 form will become a key document in the budget setting process. The Business Rates Retention Technical Consultation that closed on 24 September did not provide a layout for the 2013/14 NNDR1 but stated that the form would be "broadly similar to the current form". The consultation did specify that the start point for the form would be the rating list as at 30 September, which would then be adjusted for anticipated changes using "local intelligence".

5. The consultation sets out a process that will require completion of a provisional NNDR1 and its submission to DCLG and the other precepting bodies by mid December. Following any updating or corrections a final version of the form then needs to be sent by 30 January. The consultation states that this second stage will be after the NNDR1 has been "signed off by the council". No exact process has been specified for the "sign off" but in various meetings the DCLG and CIPFA have both indicated they would expect Councils to adopt a similar process to the one they use for approving the Council tax base.

6. The current procedure for approving the Council Tax base involves a Portfolio Holder decision being taken by the Finance and Technology Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee. This normally takes place in November each year. It is felt that a similar procedure to this would be appropriate as the formal process to achieve the Council sign off required by DCLG.

Resource Implications:

The decision on the authorisation process for the NNDR1 has limited resource implications, although if the decision is to be reserved to Council an extra meeting may be necessary.

Legal and Governance Implications:

This is a new governance requirement being imposed as part of the Local Government Finance Bill. It is possible that the requirements of the legislation may ultimately differ from the Bill, but what is being proposed meets the requirements of the Bill.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

None.

Impact Assessments:

Risk Management

The proposed decision is intended to reduce the risk of delays to the budget process or of having to hold an additional Council meeting.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A