Report to the Council

Committee: Cabinet **Date:** 6 November 2012

Portfolio Holder: Councillor S-A Stavrou
(Finance and Technology)

NON DOMESTIC RATES – NNDR1 FORM

Recommending:

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

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 this Council 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. We have been advised that 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 set 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 will then need to be sent by 30 January. The consultation stated that this second stage will be

after the NNDR1 has been “signed off by the Council”. We understand that 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. Members may be aware that 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. We are of the opinion that a similar procedure to this would be appropriate as the formal process to achieve the Council sign off of the NNDR1 form required by DCLG.

7. A decision on this issue could be delayed until the Local Finance Bill is enacted and possible further advice issued by DCLG but this could delay the budget process or necessitate the holding of additional meetings

8. We recommend as set out at the commencement of this report.