



Please ask for Charlotte Kearsey
Direct Line: 01246 345236
Fax: 01246 345252
Email: committee.services@chesterfield.gov.uk

The Chair and Members of
Employment and General Committee

Dear Councillor,

AGENDA SUPPLEMENT

Please see attached the documents for the agenda item(s) listed below for the meeting of the EMPLOYMENT AND GENERAL COMMITTEE to be held on MONDAY, 21 JANUARY 2019, the agenda for which has already been published.

6. Non Domestic Rates Estimates 2019/20 (Pages 3 - 12)

Yours sincerely,

Local Government and Regulatory Law Manager and Monitoring Officer

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For Publication

NON-DOMESTIC RATES ESTIMATES FOR 2019/20

Meeting: Employment and General Committee

Date: 21st January 2019

Report by: Director of Finance & Resources

For publication

1.0 PURPOSE OF REPORT

1.1 To approve the National Non-Domestic Rates (NNDR) estimates and NNDR1 Return for 2019/20.

2.0 RECOMMENDATIONS

2.1 That the estimated National Non Domestic Rates estimates as recorded on the NNDR1 Return (Appendix A) be approved.

2.2 That delegated authority be given to the Director of Finance to make any subsequent changes to the NNDR1 return that are identified before the final submission date of the 31st January 2019.

3.0 BACKGROUND

3.1 The Local Authorities (Calculation of Business Rates 'Tax Base') Regulations 1992 (as amended) require the Borough Council as Billing authority to calculate the Tax Base for the Borough and the Parishes and to notify the Major Precepting Authorities (Derbyshire County Council and Derbyshire Fire Authority), and those Parishes which request it, by 31st January each year.

- 3.2 Section 84 of the Local Government Act 2003 amended the tax setting regulations so that the business rates tax base calculation no longer has to be approved by the full Council. The calculation of the tax base is a procedural matter which, should be delegated to a non-executive committee. The Council agreed (17th December 2003) to delegate the function to the Employment and General Committee.
- 3.3 With the introduction of the Business Rates Retention Scheme from April 2013 there is a new requirement for the Council to formally approve the Business Rates Tax Base. The approval process must be the same as that used for the approval of the Council Tax Base. The estimate of the Business Rates base and yield is included in a return to the Government known as the NNDR1 return. The NNDR1 return shows have the estimated yield is to be distributed, including the amount to be retained by the Council.

4.0 NNDR INCOME ESTIMATES

- 4.1 The Local Government Finance Act introduced the part-retention of income from Business Rates from April 2013. The Council was successful in its bid to be included in the 100% Business Rates Retention Pilot in 2018/19 and as a result, business rate income generated in 2018/19 is shared between the County Council (49%), the Fire Authority (1%) and the Borough Council (50%).
- 4.2 A further bid to take part in the 75% Business Rates Retention Pilot for 2019/20 was submitted in October 2018 but was unsuccessful. Therefore for 2019/20, the Derbyshire authorities have resumed the Derbyshire Pool arrangements which were in place prior to the successful pilot bid.
- 4.3 As a result the income generated in 2019/20 will be shared between the Government (50%), the County Council (9%), the Fire Authority (1%) and the Borough Council (40%).

- 4.4 The draft Local Government Finance Settlement published in December 2018 set the Council's tariff at £11,281,885 and the baseline funding level at £3,319,436 for 2019/20. The Council will receive Revenue Support Grant of £434,451 in 2019/20.
- 4.5 The Council must complete and approve a form, known as the NNDR1 Return, which shows how the estimated income has been calculated and how it is to be shared. The form must then be sent to those entitled to a share of the income by 31st January 2019 (i.e. the County Council and the Fire Authority).
- 4.6 The copy of the NNDR1 return for approval is included as Appendix A. Completing the form has again been difficult this year due to the ongoing uncertainties around estimating the likely impact of future rating appeals arising from the 2017 revaluation and the new "Check Challenge Appeal" system. Appendix A is therefore based on the best available information at this point in time and may have to be revised if further changes are identified after this meeting but prior to submission on 31st January 2019.
- 4.7 Parts of the NNDR1 form are based on factual data at a given point in time but officers have been required to make their own estimates about future events such as new buildings, demolitions and the outcome of appeals, both new and outstanding. The amount to be retained and paid over to those entitled to a share of the income will be fixed at the start of the year based on the estimate on the NNDR1 return so it is important that the income forecast is not overstated.
- 4.8 The NNDR1 return (Appendix A) shows that the estimated net rate yield is £36.5m (Part 1B, Line 15) and that this will be shared as follows:

Paid to:	Income Part 1B Line 15 £000's	Fund (Deficit) Part 1B Line 28 £000's	Income Share 2019/20 %
Central Government	18,238	(1,590)	50%
Retained by CBC	14,591	(791)	40%
Derbyshire County Council	3,283	186	9%
Derbyshire Fire Authority	365	(22)	1%
Total	36,477	(2,217)	100%

4.9 From the Council's retained share of £14,591k it will have to pay a tariff of £11,282k to the Government and a levy of £1,152k into the Derbyshire Pool. It will receive grant income of £2,682k (Part 1C Line 40) towards the cost of various reliefs to leave a retained amount of £4,789k. For CBC budget purposes it has been assumed that the financial benefit from the Derbyshire Pool is £300k.

4.10 Collection Fund Surplus/Deficit

Billing Authorities are required to calculate the estimated surplus or deficit on the NNDR element of the Collection Fund each year.

The estimated surplus or deficit must be allocated to the organisations in the same proportions as income and the major preceptors should then take this surplus/ (deficit) into account when calculating their Council Taxes for the following financial year.

The NNDR element of the Collection Fund is estimated to be a deficit of £2,217k by the 31st March 2019. The table in para. 4.5 shows how the estimated deficit will be shared, with the Council being charged £791k.

5.0 LEGAL IMPLICATIONS

5.1 Paragraph 43 Schedule B of the Local Government Finance Act 1988 requires the Council to formally approve details of the provisional contributions for NNDR each year using the statutory NNDR1 form by 31st January. The form has been completed in accordance with the relevant regulations.

6.0 RISK MANAGEMENT

6.1 The key risks associated with the setting of the tax bases are summarised in the table below:

Description of risk	Current Risk Rating Impact / Likelihood	Mitigating Actions
Business rate income under/over estimated	High / Likely	Prudent assumptions are built into income forecast. The income will be monitored during the year.

7.0 RECOMMENDATIONS

7.1 That the estimated National Non Domestic Rates estimates as recorded on the NNDR1 Return (Appendix A) be approved.

7.2 That delegated authority be given to the Director of Finance and Resources to make any subsequent changes to the NNDR1 return that are identified before the final submission date of the 31st January 2019.

8.0 ALTERNATIVE OPTIONS TO BE CONSIDERED

8.1 None

9.0 **REASONS FOR RECOMMENDATION**

- 9.1 To fulfil the statutory requirements to approve the estimated Business Rates income. The information is required by the Government and by the Council and the other precepting authorities to enable them to set their Council Taxes.

Document information

Report author	Contact number/email
Richard Staniforth	01246 345456 richard.staniforth@chesterfield.gov.uk
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	NNDR1 Return

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than **31 January 2019** to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Select your local authority's name from this list:

Adur	-
Alterdale	
Amber Valley	
Arun	
Ashfield	
Ashford	-

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Chesterfield
E1033
Mrs Carolyn Szadura
01246 345495
carolyn.szadura@chesterfield.gov.uk

Ver 1.0

PART 1A: NON-DOMESTIC RATING INCOME

COLLECTIBLE RATES

£

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments 38,705,294

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority 0

3. Sums due from the authority 124,955

COST OF COLLECTION (See Note A)

4. Cost of collection formula 163,692

5. Legal costs 0

6. Allowance for cost of collection 163,692

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority 0

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas 1,890,253

9. Amounts retained in respect of Renewable Energy Schemes (See Note B) 49,532

of which:

10. sums retained by billing authority 49,532

11. sums retained by major precepting authority 0

12. Amounts retained in respect of Shale Gas Schemes (see Note C) 0

NON-DOMESTIC RATING INCOME

13. Line 1 plus line 2, minus lines 3, 6 - 9 and 12 36,476,862

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2019-20

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Local Authority : Chesterfield

Ver 1.0

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2019-20 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Chesterfield	Column 3 Derbyshire County Council	Column 4 Derbyshire Fire Authority	Column 5 Total
Retained NDR shares	£	£	£	£	£
14. % of non-domestic rating income to be allocated to each authority in 2019-20	50%	40%	9%	1%	100%
Non-Domestic Rating Income for 2019-20					
15. Non-domestic rating income from rates retention scheme	18,238,430	14,590,745	3,282,918	364,769	36,476,862
16.(less) deductions from central share	0	0	0	0	0
17. TOTAL:	18,238,430	14,590,745	3,282,918	364,769	36,476,862
Other Income for 2019-20					
18. add: cost of collection allowance		163,692			163,692
19. add: amounts retained in respect of Designated Areas		1,890,253			1,890,253
20. add: amounts retained in respect of renewable energy schemes		49,532	0		49,532
21. add: amounts retained in respect of shale gas schemes		0	0	0	0
22. add: qualifying relief in Designated Areas		0	0	0	0
23. add: City of London Offset		0			0
24. add: additional retained Growth in Pilot Areas		0	0	0	0
25. add: in respect of Port of Bristol hereditament		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
<u>Percentages to be used to distribute the collection fund surplus/deficit</u>					
26. % for distribution of "in-year" surplus/deficit (ie 2018-19)	0%	50%	49%	1%	100%
26a. "In-year surplus (positive) /deficit (negative)	0	481,433	471,804	9,629	962,866
27. % for distribution of "prior-year" surplus/deficit (ie 2017-18)	50%	40%	9%	1%	100%
27a. "Prior-year" surplus (positive) / deficit (negative)	-1,590,094	-1,272,075	-286,217	-31,802	-3,180,188
28. Estimated Surplus/Deficit at end of 2018-19	-1,590,094	-790,642	185,587	-22,173	-2,217,322
TOTAL FOR THE YEAR	£	£	£	£	£
29. Total amount due to authorities	16,648,336	15,903,580	3,468,505	342,596	36,363,017

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2019-20

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Local Authority : **Chesterfield**

Ver 1.0

PART 1C: SECTION 31 GRANT (See Note D)

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Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements and 2017 (March and November) & 2018 (October) Budgets

	Column 2 Chesterfield	Column 3 Derbyshire County Council	Column 4 Derbyshire Fire Authority	Column 5 Total
	£	£	£	£
Multiplier Cap				
30. Cost of cap on 2014-15, 2015-16 and post-2018-19 small business rates multipliers	538,673	106,979	11,887	657,539
Small Business Rate Relief				
31. Cost of doubling SBRR & threshold changes for 2019-20	1,318,269	296,610	32,957	1,647,836
31a. Additional compensation for loss of supplementary multiplier income	92,044	20,710	2,301	115,055
32. Cost to authorities of maintaining relief on "first" property	2,211	497	55	2,763
Rural Rate Relief				
33. Cost to authorities of providing 100% rural rate relief	1,642	369	41	2,052
Local Newspaper Temporary Relief				
34. Cost to authorities of providing relief	620	139	15	774
Supporting Small Businesses Relief				
35. Cost to authorities of providing relief	9,553	2,149	239	11,941
Discretionary Scheme				
36. Cost to authorities of providing relief	25,853	5,817	646	32,316
Designated Areas qualifying relief in 100% pilot areas				
37. Cost to authorities of providing relief	0	0	0	0
Telecoms Relief				
38. Cost to authorities of providing relief	0	0	0	0
Retail discount				
39. Cost to authorities of providing relief	693,467	156,030	17,337	866,834
TOTAL FOR THE YEAR				
40. Amount of Section 31 grant due to authorities to compensate for reliefs	2,682,332	589,300	65,478	3,337,110

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 40, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 40)

**NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2019-20**

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Certificate of Chief Financial Officer / Section 151 Officer

NDR1 2019-20

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer
or Section 151 Officer :

Signature :

Date :