

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