

For Publication

Non-Domestic Rates Estimates for 2021/22

Meeting:	Employment and General Committee
Date:	28 January 2021
Cabinet portfolio:	Deputy Leader
Directorate:	Finance

1.0 Purpose of the Report

- 1.1 To approve the National Non-Domestic Rates (NNDR) estimates and NNDR1 Return for 2021/22.

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 Acting Chief Finance Officer to make any subsequent changes to the NNDR1 return that are identified before the final submission date of the 31st January 2021.

3.0 Reasons for Recommendations

- 3.1 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.

4.0 Background

- 4.1 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 31 January each year.

- 4.2 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 (17 December 2003) to delegate the function to the Employment and General Committee.
- 4.3 With the introduction of the Business Rates Retention Scheme from April 2013 there is now a 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 how the estimated yield is to be distributed, including the amount to be retained by the Council.

5.0 NNDR Income Estimates

- 5.1 The Local Government Finance Act introduced the part-retention of income from Business Rates from April 2013. The income generated is currently shared between the Government (50%), the County Council (9%), the Fire Authority (1%) and the Borough Council (40%)
- 5.2 The draft Local Government Finance Settlement published in December 2020 set the Council's tariff at £11,465,704 and the baseline funding level at £3,373,521 for 2021/22. The Council will receive Revenue Support Grant of £443,971 in 2021/22.
- 5.3 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 31 January 2021.
- 5.4 The copy of the NNDR1 return for approval is included as Appendix A. Appendix A is based on the best available information at this point in time but may have to be revised if further changes are required after this meeting but prior to submission on 31 January 2021.
- 5.5 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.

- 5.6 The NNDR1 return (Appendix A) shows that the estimated net rate yield is £38.4m (Part 1B, Line 13) and that this will be shared as follows:

Paid to:	Income Part 1B Line 13 £000's	Fund (Deficit) Part 1B Line 23 £000's	Income Share 2021/22 %
Central Government	19,198	(8,953)	50%
Retained by CBC	15,358	(7,162)	40%
Derbyshire County Council	3,455	(1,612)	9%
Derbyshire Fire Authority	384	(179)	1%
Total	38,395	(17,906)	100%

- 5.7 The amount the General Fund retains in relation to business rates is detailed below: -

	£000's
Council's retained share	15,358
Tariff paid to Central Government	(11,466)
Levy paid to the Derbyshire Pool	(1,019)
Grant Income Received (Part 1C Line 33)	2,421
Levy and Tariffs adjustment	(597)
Retained Business Rates - Renewable Energy	47
Retained Business Rates	4,744

5.8 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 £17.906m by the 31 March 2021. The table in para. 5.6 shows how the estimated deficit will be shared, with the Council being charged £7.162m.

In response to the Covid19 pandemic, the Government extended the business rate relief scheme to 100% for all retail, nursery and local newspaper reliefs. The extension of the relief was not announced until

March 2020 and was therefore not included in the NNDR1 form for 20/21 and was not taken into account as part of an authority's council tax setting decisions.

As a result, MHCLG allocated 100% of the additional Section 31 grants to billing authorities in relation to retail, nursery and local newspaper reliefs in 2020/21 which totalled £17.939m to cover the lost income from those businesses. This grant will be carried forward into 2021/22 to offset the £17.906m deficit detailed above, the Councils share is £7.175m and this will be used to recover the Councils share of the deficit e.g. £7.162m and the balance will be allocated in the usual proportions to central government and other major preceptors for them to meet their share of the deficit. It will therefore have no impact on the General Fund position for 2021/22.

6.0 Alternative options

6.1 None.

7.0 Implications for consideration – Council Plan

7.1 There are no Council Plan implications to consider in this report.

8.0 Implications for consideration – Financial and value for money

8.1 Financial and value for money implications are detailed in sections 4 to 5.

9.0 Implications for consideration – Legal

9.1 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 31 January. The form has been completed in accordance with the relevant regulations.

10.0 Implications for consideration – Human resources

10.1 There are no human resource implications to consider in this report.

11.0 Implications for consideration – Risk management

11.1 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.

12.0 Implications for consideration – Community Wellbeing

12.1 There are no community wellbeing implications to consider in this report.

13.0 Implications for consideration – Economy and skills

13.1 There are no economy and skills implications to consider in this report.

14.0 Implications for consideration – Climate Change

14.1 Individual climate change impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

15.0 Implications for consideration – Equality and diversity

15.1 Individual equality and diversity impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

Document information

Report author	Contact number/email
Richard Staniforth	01246 936274 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 2021/22