

REPORT TO CABINET

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF218

DATE: 21 January 2013

TITLE:	Non-Domestic Rates Return (NDR1) 2013/14	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	KEY DECISION	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mike Taylor Resources and Assets Portfolio Holder	
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INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required: None
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS		

1.0 RECOMMENDATION

1.1 It is recommended that Cabinet approve the NDR1 return for 2013/14.

2.0 PURPOSE OF THE REPORT

2.1 The purpose of this report is to provide details of the contents of the NDR1 return which is required to be issued to the Department for Communities and Local Government by 31 January 2013.

3.0 DETAILS OF THE REPORT

- 3.1 NDR1 return is a key document that the Council has submitted to DCLG over many years as part of its cyclical financial year. The return provides details of the anticipated business rate yield the Authority will collect for the forthcoming financial year. Previously the return has been compiled and returned by the s151 officer with further returns of NDR2 (mid-year) and NDR3 (end of year) also being completed and returned. However, due to significant changes that have recently occurred to the funding model for local authorities with specifically localisation of business rates, there is now a proposal for NDR1 to be formally approved prior to being certified by the s151 officer. This is mainly due to the significance of the setting of the collectable business rates the Authority expects and the impact the collection has on the financial position.
- 3.2 The form itself is prescriptive in nature, with little areas for discretion or interpretation. Information is provided by the Valuation Office Agency and the NDR billing and collection system. The overall collectable amount is calculated and submitted to DCLG. This is figure is then compared with the rate Central Government has determined to identify any significant differences. If large variances occur this could place the Authority in a position where it triggers the safety net threshold. The final position will be determined when the NDR3 return is submitted to Government as part of the outturn for 2013/14.
- 3.3 For 2013/14 the Government has set a national business rates estimate of £12,797m. The proportionate share for SKDC is 0.177682% based on previous collection performance. This equates to a proportionate amount of £38.729m. 50% of this is allocated to Government, 40% to the billing authority and 10% to the upper tier authority. This provides a business rates baseline estimate of £15.491m for the Council. The Authority's baseline funding level has been set at £3.205m resulting in an estimated tariff payment to Government of £12.286m for 2013/14.

NDR1 Return

- 3.4 The first section of the return details the number of hereditaments and the aggregate rateable value on the rating list as at 30 September 2012. This information is directly supplied by the Valuation Office Agency and is used to calculate the gross calculated rate yield calculated at £46,590,375.22.
- 3.5 The next section details the mandatory and discretionary reliefs and provides information on the amount of reliefs awarded to businesses and voluntary sector. This information is based on financial data obtained of the level of relief provided as at 30 September 2012. The amount of the relief awarded is then deducted to provide a gross rate yield after reliefs amount of £40,223,871.63. A projected deduction of £490k is then made in respect of anticipated losses in collection during 2013/14. This effectively is the bad debt provision and the figure provided is based on an analysis of the level of write offs in respect of business rates over the recent period. The allowance

for the cost of collection is a pre-populated figure supplied by the CLG and is based on the number of hereditaments and the aggregate rateable value and an area cost factor. Further reductions to the rate yield are then made in respect of projected rateable value adjustments based on appeals (this is has been projected based on analysis of the number of appeals being considered by the Valuation Office Agency). The revised net rate yield of £38,909,836.00, when compared to the Governments predicted baseline funding level, will generate a forecast growth above baseline funding level of £72k. The Government has capped the levy on growth at 50p per additional £1 generated so should the additional growth materialise, the Council will benefit by £36k.

4.0 OTHER OPTIONS CONSIDERED

4.1 There are no alternative options necessary in respect of this report.

5.0 RESOURCE IMPLICATIONS

N/A

6.0 RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

N/A

7.0 ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

N/A

8.0 CRIME AND DISORDER IMPLICATIONS

N/A

9.0 COMMENTS OF FINANCIAL SERVICES

9.1 These comments are included in the report.

10.0 COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

Paragraph 5 (2) of Schedule 8 of the Local Government Finance Act 1988 provides that before the financial year begins on a date the Secretary of State may direct a billing authority shall calculate the amount of its non-domestic rating contribution for the year and shall notify the Secretary of State of the amount.

Paragraph 5 (3) provides that if the billing authority fail to do so the Secretary of State may make his own calculation of the amount.

Consequently, it is a statutory requirement that the Council submit the NDR1 that sets out the Council's calculation of the non-domestic rating contribution for the year.

11.0 APPENDIX:

NDR1 Return