

<b>Report to</b>	Council 29 January 2013	<b>Item</b>
<b>Report of</b>	Chief finance officer	<b>11</b>
<b>Subject</b>	Calculation of the Council's Non-Domestic Rating Income 2013-14	

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### **Purpose**

To ask the Council to approve the calculation of the Non-Domestic Rating Income 2013-14

### **Recommendation**

For Council resolves:

- 1) to approve the calculation of the Non-domestic Rating Income 2013/14 as set out in this report
- 2) that in accordance with the relevant Non-Domestic Rating Regulations the amount calculated by Norwich City Council as its Non-Domestic Rating Income for the year 2013/14 shall be £30,109,392

### **Corporate and service priorities**

The report helps to meet the corporate priority “value for money services”.

### **Financial implications**

The calculation of the Non-domestic Rating Income is a key statutory element in the budget calculation process.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

### **Contact officers**

Caroline Ryba, chief finance officer  
Philippa Dransfield, chief accountant

01223 699292  
01603 212562

### **Background documents**

None

## **Background**

1. In December 2011, the Government published its proposals for a business rates retention scheme at the same time as introducing the Local Government Finance Bill to Parliament in order to give effect to the proposals.
2. In July 2012, the Government confirmed its intention to introduce the rates retention scheme with effect from 1 April 2013. Under the rates retention scheme, authorities will retain a percentage of the rates income that they collect. Further percentages will be paid to central government and to an authority's major precepting authorities.
3. The amount to be retained, and the amounts to be paid to central government and major precepting authorities are to be fixed at the start of the financial year on the basis of the billing authority's estimate of its non-domestic rating income for the year.
4. The Council, acting as a billing authority, is required to calculate the amount of its non-domestic rating income. This is calculated by reference to the valuation list at 30 September 2012.
5. The Non-Domestic Rating Income is calculated and notified to Norfolk County Council (as the precepting authority) and the Department of Communities and Local Government (DCLG).

## **Basis of Calculation of the Non-Domestic Rating Income**

6. The calculation has to be made in accordance with regulations issued under the Local Government Finance Act 1988 and the Localism Act 2011 and requires calculations of relevant amounts under each of the following regulations:
  - a) the Non-Domestic Rating (Rates Retention) Regulations 2012;
  - b) the Non-Domestic Rating (Levy and Safety Net) Regulations 2012;
  - c) the Non-Domestic Rating (Renewable Energy Projects) Regulations 2012;
  - d) the Non-Domestic Rating (Designated Areas) Regulations 2012; and,
  - e) the Non-Domestic Rating (Transitional Protection Payments) Regulations 2012.

## **The Calculation in Detail**

7. The retention regulations require a billing authority to calculate its non-domestic rating income for a year by estimating the net payments from ratepayers that will be credited to its collection fund income and expenditure account (i.e., after having taken account of any rate relief provided to ratepayers and any repayments made to ratepayers) in that year, regardless of whether the payments are due in respect of that year, or previous years.

8. By 7 January 2013, the Council was required to submit to DCLG an estimated NNDR1 (the statutory form) for 2013-14, which details the calculation of the Non-Domestic Rating Income and the amount of NNDR to be paid to central government and Norfolk County Council and that to be retained by the Council.
9. The government has laid down the percentage shares as 50% central government, 10% precepting authority, and 40% billing authority.
10. The final approved NNDR1 has to be submitted submit to the DCLG by 31 January 2013.
11. The valuation list at 30 September 2012 forms basis of the calculation, but in addition it is necessary to adjust for:
  - a) Mandatory reliefs
  - b) Discretionary reliefs
  - c) Losses in collection
  - d) Allowance for cost of collection
  - e) Enterprise zones (not applicable for Norwich)
  - f) New development deals (not applicable for Norwich)
  - g) Renewable energy schemes (not applicable for Norwich)
  - h) Rate retention adjustments
  - i) Estimation of adjustments due to appeals
  - j) Transitional arrangements

The calculations and estimates for each of the above are detailed in Appendix A

12. The amount of non-domestic rating income calculated of £30,109,392, is broadly in line with the Business Rates Baseline of £30,144,000 calculated by DCLG.
13. DCLG also calculates a “baseline funding amount” for each authority. Those authorities whose non-domestic rating income exceeds their baseline funding amount are required to pay over the surplus as a “tariff”, while those whose baseline funding amount exceeds their non-domestic rating income receive the difference as a “top up”.
14. The baseline funding amount calculated by DCLG for Norwich is £5,230,000, therefore the Council is in a “tariff” position and will be paying a further £24,914,000 over to central government.

## Integrated impact assessment



**NORWICH**  
City Council

### Report author to complete

<b>Committee:</b>	Council
<b>Committee date:</b>	29 January 2013
<b>Head of service:</b>	Caroline Ryba, chief finance officer
<b>Report subject:</b>	Calculation of the council's Non-Domestic Rating Income 2013/14
<b>Date assessed:</b>	7 January 2013
<b>Description:</b>	The report seeks approval of the calculation of the council's Non-Domestic Rating Income for 2013/14, which will set the amount receivable by the council and payable to the government and precepting authority for the year.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Calculation of the NNDR income is a part of the statutory process by which the council's activities are funded.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Accurate calculation of the NNDR income minimises the risk that the council will collect and retain too little or too much NNDR income, and provide certainty for the annual budgeting process.

<b>Recommendations from impact assessment</b>	
<b>Positive</b>	
<b>Negative</b>	
<b>Neutral</b>	
<b>Issues</b>	

# APPENDIX A

## Calculation of Non-Domestic Rate Income 2013/14

Number of hereditaments on rating list on 30 September 2012	5,903	
Aggregate rateable value on rating list on 30 September 2012	196,557,950	
<b>Gross calculated rate yield</b>		<b>90,809,772.90</b>
<b>Mandatory Reliefs</b>		
Small Business Rate Relief	1,211,364.67	
Relief to Charities	4,583,636.25	
Relief to Community Amateur Sports Clubs	23,436.95	
Relief for partly occupied premises	62,205.180	
Relief for empty premises	4,192,313.78	
<b>Total Mandatory Reliefs</b>		<b>10,072,956.83</b>
<b>Discretionary Reliefs</b>		
Relief to Charities	112,103.62	
Relief to non-profit making bodies	35,098.42	
<b>Total Discretionary Reliefs</b>		<b>147,202.64</b>
<b>Gross Rate Yield after Reliefs</b>		<b>80,589,614.03</b>
Estimate of losses on collection		800,000.00
Allowance for Cost of Collection		268,737.83
<b>Net Rate Yield excluding transitional arrangements and rate retention</b>		<b>79,520,876.20</b>
<b>Rate Retention Adjustments</b>		
Estimate of change in rateable value between 1 October 2012 and 30 September 2013	(2,750,000)	
Estimate of the change in receipts as a result in the change in rateable value	(1,270,500)	
<b>This equates to a percentage change of</b>	(1.40)%	
Local Authority 's estimate of adjustment due to appeals		2,976,897.00
<b>Net Rate Yield excluding transitional arrangements but after rate retention adjustments</b>		<b>75,273,479.00</b>



**Transitional Arrangements**

Additional Revenue received because reduction in rates have been deferred

136,439.28

Revenue foregone because increase in rates have been deferred

114,458.10

**Net cost of transitional arrangements****(21,981.18)****Net Rate Yield after transitional arrangements and rate retention****75,295,460****Amount of NNDR to be paid to:****Central government****37,636,740.00****Norfolk County Council****7,527,348.00****Amount of NNDR to be retained by Norwich under retention scheme****30,109,392.00**