

Item No. 7.1	Classification: Open	Date: 22 January 2014	Meeting Name: Council Assembly
Report title:		The Council Tax Base and National Non Domestic Rates Base for 2014/15 – Addendum Report	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATION

1. That the non-domestic rating income from rates retention scheme be set at £205,242,622.

BACKGROUND INFORMATION

2. As part of the movement from formula grant to retained business rates, it is a requirement that the net rate yield for national non domestic rates (NNDR) be agreed in the same way as the council tax base.
3. Information relating to the NNDR base for 2014/15 was not available at the time the report was sent to press, due to a delay in receiving the required final form from the Department of Communities and Local Government (DCLG).
4. The final NNDR1 form was expected to be issued in the week commencing 13 January 2014, and before 17 January 2014. In the event, the final NNDR1 form was received from government at 4.30pm on 20 January 2014.

KEY ISSUES FOR CONSIDERATION

National Non Domestic Rates

5. It is now a statutory requirement that the NNDR1 is given formal approval as part of the tax base setting process before submission to the government. The guidance note accompanying the NNDR1 states that this approval should be given “through the authority’s usual processes for the exercise of functions”.
6. A final return must be submitted to the government by 31 January 2014. The final return is attached as Appendix A.
7. The non-domestic rating income from rates retention scheme submitted forms the basis for payments to the government and the Greater London Authority (GLA) during 2014/15, and therefore carries risks. If the income is overestimated too much will be paid out during 2014/15. If the income is underestimated not enough will be shared with the government and the GLA in year and will have to be paid later. The amount of refund due or additional monies owed will not be known until the NNDR3 return for 2014/15 is submitted and audited in the summer of 2015.

8. The final NNDR1 return for 2014/15 shows non-domestic rating income from rates retention scheme of £205,242,622. This amount must be shared with the government (50%) and the GLA (20%), with the council retaining 30% as follows.

	£
Non-domestic rating income from rates retention scheme	205,242,622
Less government share (50%)	102,621,311
Less GLA share (20%)	41,048,524
Retained element of business rates (30%)	61,572,787

9. The 30% being £61,572,787 is retained by Southwark and forms part of the overall funding to the council for 2014/15.
10. A collection rate is not required for non-domestic rates as an estimate of non collection forms part of the overall net rate yield calculation.

Community impact statement

11. This report contains technical calculations relating to the council's anticipated non-domestic rate retention for 2014/15, which forms part of the resource base for the council in 2014/15.
12. There is no direct community impact at this stage. The impact on the community of any potential change in service design, outcomes or access arising from recommendations relating to the 2014/15 revenue budget will need to be addressed and identified as part of the final budget submission to council assembly on 26 February 2014.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

13. The Director of Legal Services advises that decisions relating to the budget and the setting of local taxation are reserved to council assembly under Part 3A of the council's constitution. Therefore council assembly is enabled to agree all of the recommendations in this report.
14. Assembly members are reminded of the obligations pursuant to Section 106 of the Local Government Finance Act 1992.

REASONS FOR URGENCY

15. The Local Government Finance Act 1992 imposes a duty on a billing authority to agree and publish its tax base no later than 31 January. There is no later opportunity to enable this duty to be met.
16. The Non Domestic Rating (Rates Retention) Regulations 2013 require the council to calculate the following amounts and to notify these amounts to the Secretary of State and any relevant precepting authorities by Friday 31 January 2014:
- The amount of the central share of its non-domestic rating income for the relevant year

- The amount of each relevant precepting authority's share of non-domestic rating income for the relevant year
 - The amount (if any) to be deducted from the central share payment in accordance with regulation 4(1) (qualifying relief)
 - the amount of each relevant precepting authority's share of any amount to be deducted from the central share payment in accordance with regulation 4(1)
 - The authority's estimate of the amount specified by regulation 7(2) (payments with respect to county matters) for the relevant year
 - The authority's estimate of the surplus or deficit on its collection fund for the preceding year.
17. The council is also required by the Non-Domestic Rating (Transitional Protection Payments) Regulations 2013 to estimate its actual and deemed rating income for the year in accordance with those regulations and to the notify the Secretary of State of the amounts by Friday 31 January 2014.
18. The NNDR1 also requires information about how the amounts specified by the regulations have been calculated. The council is directed under paragraph 43 of Schedule 7B to the Local Government Finance Act 1988 to provide this information to the Secretary of State by Friday 31st January 2014.

REASONS FOR LATENESS

19. In good faith the council was waiting for the final NNDR 1 form from government which was expected to be received in the week commencing 13 January and in any event by 17 January. The final form was received by the council at 4.30pm on 20 January 2014, and so this is the earliest the report could be compiled using final figures.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
	Revenues and Benefits	Dominic Cain – AD Revenues and Benefits

APPENDICES

Appendix	Title
Appendix A	NNDR1 Return for 2014/15

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	John Braggins, Finance and Corporate Services Norman Lockie, Finance and Corporate Services	
Version	Final	
Dated	21 January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		21 January 2014