

Taunton Deane Borough Council

Executive – 15 January 2014

Business Rates Retention and NNDR1 2014/2015

Report of the Financial Services Manager

(This matter is the responsibility of Executive Councillor Williams, Leader of the Council)

1 Executive Summary

Under the Business Rates Retention funding system, the Council is required to approve the National Non-Domestic Rates Return 1 (NNDR1) for 2014/15 by 31 January 2014. For this Council the responsibility currently to approve the NNDR1 is delegated to the Executive.

The Government announced through the Autumn Statement (5 December 2013) a number of measures to support businesses in the tax system. These measures will affect the total amount of business rates collectible, and thus the amount of Business Rates income retained by TDBC. These changes also need to be incorporated into the NNDR1 form – however this year the form is scheduled to be issued to local authorities on 17 January which is too late for this Executive meeting. The Council's software suppliers (Civica) have also indicated that the changes introduced in the Autumn Statement will require enhancements to the rates system (OPENRevenues), including the ability to extract the relevant new data in reports for the NNDR1 (and NNDR3 year end report).

Consequently it is not possible to submit the NNDR1 for approval in time for this committee. It is therefore recommended that the Executive delegates authority to the Section 151 Officer to approve the 2014/15 NNDR1 as an urgent item by 31 January 2014. This will avoid the need to convene a special meeting of the Executive later this month.

Further, it is recommended to request that Full Council formally delegates authority to the Section 151 Officer to approve the NNDR1 in future years to avoid similar scheduling issues and provide necessary flexibility in the event of new adjustments in future government policy related to business rates.

2 Background

- 2.1 The purpose of this report is to update Members regarding recent changes to the business rates tax system, and to highlight the consequences for the forecast of business rates income for 2014/15 financial year. It also seeks to delegate the approval of the NNDR1 form to the S151 Officer.
- 2.2 The Business Rates Retention Regulations that were issued for consultation by Government between 25 October and 23 November 2012 currently remain as Draft Regulations. Under these Regulations local authorities are required to prepare a forecast of business rates income and submit this to Government using the National Non-Domestic Rates Form 1 (NNDR1). This return must be certified by the S151 Officer and be submitted by 31 January each year.
- 2.3 For TDBC, in 2013 Full Council delegated authority to the Executive to approve the National Non-Domestic Rates Form 1 (NNDR1). This return will include the Estimated Net Rate Yield for 2014/15, which is to be used for budget setting purposes, and will determine the budget amount for business rates income kept by Taunton Deane Borough Council (TDBC), Somerset County Council (SCC) and Devon and Somerset Fire and Rescue Authority (DSFRA) under the Business Rates Retention system that was introduced in April 2013.

3 2014/15 NNDR1

- 3.1 The Government announced through the Autumn Statement (5 December 2013) a number of measures to support businesses in the tax system in 2014/15, including:
- Capping the RPI increase in business rates to 2% for 2014/15
 - Extending the doubling of Small Business Rates Relief to April 2015
 - Introducing a discount of up to £1,000 for certain retail premises with a rateable value of up to £50,000
 - Introduce a 50% discount for new occupants of previously empty retail premises
 - A commitment to resolve 95% of outstanding appeals cases by July 2015
- 3.2 These changes will have a direct impact on the business rates collectible from businesses, and as a result will impact on the forecast of rates income under the Business Rates Retention system.
- 3.3 As a result, changes need to be made to the NNDR1 Form template provided by DCLG, which in turn requires changes to be made to the software systems used by local authorities for billing and reporting on

business rates income. At the time of preparing this Executive report the NNDR1 for 2014/15 has not been issued by CLG, and the Council's software suppliers (Civica) have not issued the necessary enhancements to the rates system (OPENRevenues), which will include the ability to extract the relevant new data in reports for the NNDR1 (and NNDR3 year end report).

- 3.4 Furthermore, technical guidance is required from Government to ensure the impact of the Autumn Statement is interpreted accurately.
- 3.5 CLG have recently indicated that the NNDR1 form template and guidance is expected to be issued to local authorities on 17 January, which is clearly too late for this Executive meeting. It is therefore recommended that **authority to approve the NNDR1 for 2014/15 is delegated as an urgent item to the Section 151 Officer**. This will avoid the need to convene a special Executive meeting later this month, and also provide Finance and Revenues officers sufficient time to interpret the guidance and complete the business rates forecast for next year. The intention is that the NNDR1 will be approved and certified by the Section 151 Officer by 31 January 2014, and details of the impact will be shared with Members in budget setting reports.
- 3.6 Further, it is **recommended the Executive requests that Full Council formally delegates authority to the Section 151 Officer to approve the NNDR1 in future years** to avoid similar scheduling issues and provide necessary flexibility in the event of new adjustments in future government policy related to business rates.

4 Business Rates Forecast 2014/15

- 4.1 Provisional estimates of business rates income were shared with all councillors within the Draft Budget Consultation Pack issued late December 2013. These estimates will be updated when the NNDR1 form and guidance are received, and be incorporated into final 2014/15 Budget reports through the normal budget setting process.

5 Finance Comments

- 5.1 This is a finance report and there are no additional comments.

6 Legal Comments

- 6.1 The approval of the NNDR1 is currently delegated to the Executive, but can be delegated to an officer or another committee within the Council's Constitution. The Draft Business Rates Regulations require the approved return to be submitted to Government no later than 31 January 2014.

Given the timescales involved, any decision to delegate authority in this instance would be considered urgent and as such would not reasonably be subject to the call in process.

7 Links to Corporate Aims, Environmental and Community Safety Implications, Equalities Impact, Risk Management, and Partnership Implications

7.1 Not applicable.

8 Recommendations

8.1 The Executive resolves to delegate authority to the Council's Section 151 Officer to approve the 2014/15 NNDR1 Return as an urgent item following receipt of relevant documentation and guidance from Government.

8.2 The Executive recommends that Full Council formally delegates authority to the Council's Section 151 Officer to approve the NNDR1 Return in future years.

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