

AGENDA ITEM

REPORT TO COUNCIL

23 JANUARY 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

COUNCIL DECISION

**DELEGATION OF NNDR1 RETURN /FINANCIAL IMPLICATIONS TO PARISH COUNCILS OF
THE LOCAL COUNCIL TAX SUPPORT SCHEME**

SUMMARY

Under the new Business Rates retention arrangements, billing authorities have to complete an NNDR1 form showing their estimates of business rates income for the coming year and send it to DCLG and the relevant precepting authorities. The form has to be submitted by 31st January in the preceding year and the estimate will be used to determine the “central share” payments due to central government and payments due to precepting authorities (in this Council’s case, the fire authority).

The report recommends the arrangements to be put in place within the Council’s Scheme of Delegation for completion and approval of the NNDR1 return.

The report also covers the financial implications to Town and Parish Councils of the Local Council Tax Support Scheme.

RECOMMENDATION

1. That the annual setting of the Council’s NNDR1 return figure (estimated business rates income), and calculation of the appropriate central/local shares, be delegated to the Corporate Director of Resources in consultation with the Leader and Cabinet Member for Corporate Management & Finance.
2. That Council agree to fund the financial shortfall for Town and Parish Councils in 2013/14 due to the Local Council Tax Support Scheme, which is £102,000, from the element of the grant allocated to the Council for this purpose. It is also recommended that support be maintained at this level for future years, unless the amount of funding attributable to town and parish councils can be separately identified, in which case the amount of grant received each year will be passed on.

DETAIL

The NNDR1 Return

1. Within the new Business Rates retention scheme, the NNDR1 return will set out the Council’s forecast Business Rates income for the forthcoming year.
2. This forecast will be used to calculate:
 - The “central share” – the 50% to be paid to Government
 - The fire authority share – 1%
 - The Council’s share – 49%

It will also be used to form part of the calculation for levy / safety net payments.

3. The Council's 49% share, plus top up or minus tariff, makes up the business rates income for budget setting purposes.
4. The Council is required to set its NNDR1 figure for 2013/2014 on or before 31st January 2013.
5. The starting point for the calculation will be the actual position at 30th September 2012 (factual information taken from an extract of the Council's Business Rates system, frozen at the relevant date). We are then required to adjust the figure to take account of an estimate of the change in rateable value between 1 October 2012 and 30 September 2013. This estimate will take into consideration factors such as:
 - Local knowledge
 - Trend data
 - Corporate strategy (such as the local business rates discount scheme for Stockton Town Centre)
 - The outcome of appeals that are going through the appeals process.
6. The Regulations that will underpin the Business Rates Retention Scheme will come into force before the start of the 2013-2014 financial year. They are currently in draft form and are worded in a way that requires the *billing authority* to carry out the required calculations of business rates income and central/local shares, however the advice is that these tasks can be delegated in line with usual governance practices.
7. It is recommended that Cabinet/Council delegate responsibility to the Corporate Director of Resources in consultation with the Leader and Cabinet Member for Corporate Management & Finance.

Impact of Council Tax Benefit Changes on Town and Parish Councils

8. Members will be aware from previous reports on the changes to Council Tax Benefit through the localisation of the scheme. Members will also be aware that this will mean that Council Tax Benefits will no longer be paid through Department for Work and Pensions and that the Council will receive a grant to fund the discounts attributable. This grant is at 10% lower than the previous levels of discount and the full financial implications of this were covered in the aforementioned reports.
9. It has also been recognised that there will be a financial impact on Town and Parish Councils, as awards of local council tax support are classed as discounts and have the effect of reducing the council tax base. There has been a Government consultation exercise considering how this should be handled. The Government have now advised that Local Authorities will receive, as part of the grant to cover the cost of local council tax support discounts, an element to cover the impact on Town and Parish Councils. Local Authorities need to determine whether to pass this grant through to Town and Parish Councils or whether to retain this funding and so pass on a financial pressure. The impact across the Borough is approximately £102,000 and it is therefore recommended that this is passed to the Town and Parish Councils to compensate for their loss.
10. Cabinet has considered this item at its meeting held on 10th January 2013 and a copy of the minute extract will be forwarded to Members.

FINANCIAL IMPLICATIONS

11. Council agree to pass through the grant to Town and Parish Councils to fund the financial implications of the localisation of Council Tax Benefit to the value of £102,000.

LEGAL IMPLICATIONS

12. The recommendations ensure that the appropriate arrangements are in place to meet the requirements of The Non-Domestic Rating (Rates Retention) Regulations. These are currently in draft form and are expected to be published in early 2013.

RISK ASSESSMENT

13. The subject matter of report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

14. There are no Sustainable Community Strategy implications.

EQUALITIES IMPACT ASSESSMENT

15. This report is not subject to an Equality Impact Assessment because the recommendations do not relate to a new strategy, policy or change in delivery of a service that might impact on residents.

CONSULTATION INCLUDING WARD/COUNCILLORS

16. Consultation not applicable for this report which is recommending a change to the Council's Scheme of Delegation.

Name of Contact Officer: Debbie Hurwood
Post Title: Head of Customer Services & Taxation
Telephone No: 01642 527014
Email Address: debbie.hurwood@stockton.gov.uk

Education related? No

Background Papers Local Council Tax Support Scheme (Report to Cabinet 9 August 2012)
Local Council Tax Support Scheme – Consultation (Report to Cabinet 29 November 2012)

Ward(s) and Ward Councillors: N/A

Property No property implications