

MINUTE EXTRACT

Cabinet Meeting.....10th January 2013

1. Title of Item/Report

Delegation of NNDR1 Return/Financial Implications to Parish Council of the Local Tax Support Scheme

2. Record of the Decision

Members considered a report relating to the new Business Rates retention scheme.

It was explained that within the new scheme, the NNDR1 return would set out the Council's forecast Business Rates income for the forthcoming year.

This forecast would 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 would also be used to form part of the calculation for levy / safety net payments.

The Council's 49% share, plus top up or minus tariff, makes up the business rates income for budget setting purposes.

The Council was required to set its NNDR1 figure for 2013/2014 on or before 31 January 2013.

The starting point for the calculation would be the actual position at 30 September 2012 (factual information taken from an extract of the Council's Business Rates system, frozen at the relevant date). The Council was 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 would 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.

The Regulations that would underpin the Business Rates Retention Scheme would come into force before the start of the 2013-2014 financial year. They were currently in draft form and were worded in a way that required the *billing authority* to carry out the required calculations of business rates income and central/local shares, however the advice was that these tasks could be delegated in line with usual governance practices.

It was recommended that Cabinet/Council delegate responsibility to the Corporate Director of Resources in consultation with the Leader and Cabinet Member for Corporate Management & Finance.

Members were reminded that Council Tax Benefits would no longer be paid through Department for Work and Pensions and that the Council would receive a grant to fund the discounts attributable. This grant was at 10% lower than the previous levels of discount and the full financial implications had been covered in previous reports.

It had been recognised that there would be a financial impact on Town and Parish Councils, as awards of local council tax support were classed as discounts and had the effect of reducing the council tax base. There had been a Government consultation exercise considering how this should be handled. The Government had advised that Local Authorities would 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 needed 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 was approximately £100,000 and it was therefore recommended that this be passed to the Town and Parish Councils to compensate for their loss.

RECOMMENDED to Council that

1. 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 and that the Council's Scheme of Delegation be amended accordingly.
2. It agree to fund the financial shortfall for Town and Parish Councils in 2013/14 due to the Local Council Tax Support Scheme, which was £100,000, 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.