

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

27 JANUARY 2020

REPORT OF DEPUTY CHIEF EXECUTIVE

A.1 BUSINESS RATES RETENTION SCHEME 2020/21

Report prepared by Richard Bull

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To seek the Corporate Finance and Governance Portfolio Holder's approval of the National Non-Domestic Rates Return (NNDR1) for 2020/21.

EXECUTIVE SUMMARY
<p>The localisation of Business Rates provides for an amount of business rates which will be retained locally and shared between this Council, Essex County Council and Essex Fire. Each year the government requires the Council to complete the National Non- Domestic Rates Return 1 (NNDR1) and this will is used to determine the estimates for Business Rate Retention in 2020/21. As a result of this, NNDR1 now needs to be approved before submission to Government.</p> <p>The figures have been based on the rating list as at 31 December 2019 adjusted by estimated amounts for:</p> <ul style="list-style-type: none"> • changes in rateable value that will occur up to the end of 2020/21 including reductions due to appeals and other amendments • reductions in rate yield for mandatory and discretionary reliefs • losses on collection • the Council's allowance for cost of collection

RECOMMENDATION(S)
That the Council's National Non-Domestic Rates Return (NNDR1) for 2020/21 as set out in Appendix A be approved and submitted to Government.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The income from business rates forms a significant part of the Council's funding and is therefore an integral part of the budget setting process. The budgets are prepared with the aim of directly and indirectly delivering the Council's priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The NNDR1 return forms part of the calculation of business rates amounts shown in our budget. The starting point for completion of the NNDR1 return is the rating list as at the 31 December 2019, adjustments are then made as follows:

- changes in rateable value that will occur up to the end of 2020/21 including reductions due to appeals
- reductions in rate yield for mandatory and discretionary reliefs
- losses on collection
- the Council's allowance for cost of collection

The form shows that the estimated amount of business rates which will be retained locally and shared between this Council, Essex County Council and Essex Fire. Tendring's share is estimated at **£10.903m** (before collection allowance, tariff and levy etc.) shown in NNDR1 Part1B line 17.

The NNDR1 return also sets out section 31 grants from the government which aim to reimburse Local Authorities for the cost of any reliefs that the government introduced as part of their budget announcements.

Risk

The risk associated with the NNDR1 return is that the final outturn position falls short of the estimate. Most notably, the settlement of business rate appeals can result in significant reductions at outturn compared to estimate and this is a particular risk given that there is currently little information available on the level of appeals activity under the 2017 rates revaluation. Therefore (based on previous experience from the 2010 revaluation) an allowance of **£1.700m** has been made for appeals and other changes to rateable value. There is also an allowance of **£0.320m** for estimated reductions due to bad debts. Any losses on NNDR are shared with the Government, Essex County Council and Essex Fire; the Council's share would be 40%.

There is also a Business Rate Resilience reserve which was established to support the mitigation of the above risk. The estimated balance on this reserve at the end of 2019/20 is **£1.758m**.

LEGAL

The provisions for business rates retention were brought in under Schedule 1 of the Local Government Finance Act 2012. The Finance and Corporate Resources Portfolio Holder has delegated powers to approve the NNDR1 Return (Part 3.38).

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected /

Consultation/Public Engagement.

There are no direct implications for the above headings however determining the funding from Business Rates is an integral part of the budget setting process which provides specific budgets for the above areas.

PART 3 – SUPPORTING INFORMATION**BACKGROUND**

Before the start of each financial year the Government issues the National Non-Domestic Rates Return (NNDR1) to all billing authorities, the deadline for submission is 31 January.

The completion of this return provides the Government with an estimate of the collection of business rates for the forthcoming year and also calculates the shares of Business Rates income required for the estimates of relevant authorities in the area. In a two tier area with a Fire Authority the shares are as follows:

- 50% Government
- 40% District Council
- 9% County Council
- 1% Fire Authority

(Police and Crime Commissioners are excluded from the local distribution and instead receive their share of business rates funding direct from Government).

BACKGROUND PAPERS FOR THE DECISION

None.

APPENDICES

National Non-Domestic Rates Return (NNDR1) 2020/21.

NATIONAL NON-DOMESTIC RATES RETURN - NDR1**2020-21**

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2020.
In addition, a certified copy of the form should be returned by no later than **31 January 2020** to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Select your local authority's name from this list:

Telford and Wrekin UA
Tendring
Test Valley
Tewkesbury
Thanet
Three Rivers

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Tendring
E1542
Richard Bull
01255 686525
rbull@tendringdc.gov.uk

Ver 1.1

PART 1A: NON-DOMESTIC RATING INCOME**COLLECTIBLE RATES**

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

£

27,691,615

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority

104,266

3. Sums due from the authority

0

COST OF COLLECTION (See Note A)

4. Cost of collection formula

287,227

5. Legal costs

0

6. Allowance for cost of collection

287,227

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority

0

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas

0

9. Amounts retained in respect of Renewable Energy Schemes (see Note B)

252,264

of which:

10. sums retained by billing authority

252,264

11. sums retained by major precepting authority

0

12. Amounts retained in respect of Shale Oil and Gas Sites Schemes (see Note C)

0

NON-DOMESTIC RATING INCOME

13. Line 1 plus line 2, minus lines 3, 6 - 9 and 12

27,256,390

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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Local Authority : Tendring

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PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2020-21 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
 - ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
 - iii) transferred by the billing authority from its Collection Fund to its General Fund,
- are set out below

	Column 1 Central Government	Column 2 Tendring	Column 3 Essex County Council	Column 4 Essex Police, Fire & Crime Commissioner	Column 5 Total
Retained NNDR shares	£	£	£	£	£
14. % of non-domestic rating income to be allocated to each authority in 2020-21	50%	40%	9%	1%	100%
Non-Domestic Rating Income for 2020-21					
15. Non-domestic rating income from rates retention scheme	13,628,195	10,902,556	2,453,075	272,564	27,256,390
16.(less) deductions from central share	0	0	0	0	0
17 TOTAL:	13,628,195	10,902,556	2,453,075	272,564	27,256,390
Other Income for 2020-21					
18. add: cost of collection allowance		287,227			287,227
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		252,264	0		252,264
21. add: amounts retained in respect of Shale oil and gas sites schemes		0	0	0	0
22. add: qualifying relief in Designated Areas		0	0	0	0
23. add: City of London Offset		0			0
24. add: additional growth retained in Additional Growth Pilots		0	0	0	0
25. add: in respect of Port of Bristol hereditament		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
<u>Percentages to be used to distribute the collection fund surplus/deficit</u>					
26. % for distribution of "in-year" surplus/deficit (ie 2019-20)	50%	40%	9%	1%	100%
26a. "In-year" surplus (positive) /deficit (negative)	694,505	555,604	125,011	13,890	1,389,010
27. % for distribution of "prior-year" surplus/deficit (ie 2018-19)	50%	40%	9%	1%	100%
27a. "Prior-year" surplus (positive) / deficit (negative)	506,317	405,053	91,137	10,126	1,012,633
28. Estimated Surplus/Deficit at end of 2019-20	1,200,822	960,657	216,148	24,016	2,401,643
TOTAL FOR THE YEAR	£	£	£	£	£
29. Total amount due to authorities	14,829,017	12,402,704	2,669,223	296,580	30,197,524

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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Local Authority : Tendring

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PART 1C: SECTION 31 GRANT (See Note D)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements and 2017 (March and November), 2018 (October) Budgets

	Column 2 Tendring	Column 3 Essex County Council	Column 4 Essex Police, Fire & Crime Commissioner	Column 5 Total
	£	£	£	£
Multiplier Cap				
30. Cost of cap on 2014-15, 2015-16 and post-2018-19 small business rates multipliers	447,087	98,320	10,924	556,331
Small Business Rate Relief				
31. Cost of doubling SBRR & threshold changes for 2020-21	1,922,593	432,583	48,065	2,403,241
31a. Additional compensation for loss of supplementary multiplier income	13,630	3,067	341	17,038
32. Cost to authorities of maintaining relief on "first" property	13,788	3,102	345	17,235
Rural Rate Relief				
33. Cost to authorities of providing 100% rural rate relief	15,609	3,512	390	19,511
Supporting Small Businesses Relief				
34. Cost to authorities of providing relief	6,419	1,444	160	8,023
Discretionary Scheme				
35. Cost to authorities of providing relief	1,768	398	44	2,210
Designated Areas qualifying relief in 100% pilot areas				
36. Cost to authorities of providing relief	0	0	0	0
Telecoms Relief				
37. Cost to authorities of providing relief	0	0	0	0
Retail discount				
38. Cost to authorities of providing relief	266,204	59,896	6,655	332,755
TOTAL FOR THE YEAR				
39. Amount of Section 31 grant due to authorities to compensate for reliefs	2,687,098	602,322	66,924	3,356,344

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 39, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 39)

Certificate of Chief Financial Officer / Section 151 Officer

NNDR1 2020-21

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer
or Section 151 Officer :

Signature :

Date :

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 2: NET RATES PAYABLE

You should complete column 1 only

GROSS RATES PAYABLE

(All data should be entered as +ve unless specified otherwise) - see Note E

	Column 1 BA Area (exc. Designated areas) Complete this column	Column 2 Designated areas Do not complete this column	Column 3 TOTAL (All BA Area) Do not complete this column
	£	£	£
1. Rateable Value at <input type="text" value="31/12/2019"/>	<input type="text" value="80,680,854"/>	<input type="text" value="0"/>	<input type="text" value="80,680,854"/>
2. Small business rating multiplier for 2020-21 (pence) <input type="text" value="49.9"/>			
3. Gross rates 2020-21 (RV x multiplier)	<input type="text" value="40,259,746"/>	<input type="text" value="0"/>	<input type="text" value="40,259,746"/>
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="0"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2020-21	<input type="text" value="40,259,746"/>	<input type="text" value="0"/>	<input type="text" value="40,259,746"/>
TRANSITIONAL ARRANGEMENTS (See Note F)			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="-203,223"/>	<input type="text" value="0"/>	<input type="text" value="-203,223"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="98,957"/>	<input type="text" value="0"/>	<input type="text" value="98,957"/>
8. Net cost of transitional arrangements	<input type="text" value="-104,266"/>	<input type="text" value="0"/>	<input type="text" value="-104,266"/>
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="-104,266"/>	<input type="text" value="0"/>	<input type="text" value="-104,266"/>
TRANSITIONAL PROTECTION PAYMENTS (See Note F(a))			
11. Sum due to/(from) authority	<input type="text" value="104,266"/>	<input type="text" value="0"/>	<input type="text" value="104,266"/>

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)			
Small Business Rate Relief			
12. Forecast of relief to be provided in 2020-21	-7,110,111	0	-7,110,111
13. of which: relief on existing properties where a 2nd property is occupied	-33,142	0	-33,142
14. Additional yield from the small business supplement (Show as +ve)	608,221	0	608,221
15. Net cost of small business rate relief (line 12 + line 14)	-6,501,890	0	-6,501,890
Charitable occupation			
16. Forecast of relief to be provided in 2020-21	-2,448,954	0	-2,448,954
Community Amateur Sports Clubs (CASCs)			
17. Forecast of relief to be provided in 2020-21	-178,340	0	-178,340
Rural rate relief			
18. Forecast of relief to be provided in 2020-21	-37,518	0	-37,518
Telecoms Relief (see Note L)			
19. Forecast of relief to be provided in 2020-21	0	0	0

20. Forecast of mandatory reliefs to be provided in 2020-21 (Sum of lines 15 to 19)

-9,166,702

0

-9,166,702

21. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)

0

0

22. Total forecast mandatory reliefs to be provided in 2020-21

-9,166,702

0

-9,166,702

UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)

Partially occupied hereditaments

23. Forecast of 'relief' to be provided in 2020-21

0

0

0

Empty premises

24. Forecast of 'relief' to be provided in 2020-21

-548,500

0

-548,500

25. Forecast of unoccupied property 'relief' to be provided in 2020-21 (Line 23 + line 24)

-548,500

0

26. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)

0

0

27. Total forecast unoccupied property 'relief' to be provided in 2020-21

-548,500

0

-548,500

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)			
Charitable occupation			
28. Forecast of relief to be provided in 2020-21	-31,604	0	-31,604
Non-profit making bodies			
29. Forecast of relief to be provided in 2020-21	0	0	0
Community Amateur Sports Clubs (CASCs)			
30. Forecast of relief to be provided in 2020-21	0	0	0
Rural shops etc			
31. Forecast of relief to be provided in 2020-21	0	0	0
Small rural businesses			
32. Forecast of relief to be provided in 2020-21	0	0	0
Other ratepayers (refer to guidance for further details)			
33. Forecast of relief to be provided in 2020-21	0	0	0
	<i>of which:</i>	<i>of which:</i>	
34. Relief given to Case A hereditaments		0	
35. Relief given to Case B hereditaments	0		
36. Forecast of discretionary relief to be provided in 2020-21 (Sum of lines 28 to 33)	-31,604	0	-31,604
37. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)	0	0	
38. Total forecast discretionary relief to be provided in 2020-21	-31,604	0	-31,604

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT (See Note K) (All data should be entered as -ve unless specified otherwise)			
Rural Rate Relief			
39. Forecast of relief to be provided in 2020-21	-37,518	0	-37,518
Supporting Small Businesses Relief			
40. Forecast of relief to be provided in 2020-21	-15,427	0	-15,427
Discretionary Scheme			
41. Forecast of relief to be provided in 2020-21	-4,250	0	-4,250
Retail Discount			
42. Forecast of relief to be provided in 2020-21	-639,864	0	-639,864
43. Forecast of discretionary reliefs funded through S31 grant to be provided in 2020-21 (Sum of lines 39 to 42)	-697,059	0	-697,059
44. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)	0	0	
45. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2020-21	-697,059	0	-697,059
NET RATES PAYABLE			
46. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 29,711,615	£ 0	£ 29,711,615

Checked by Chief Financial / Section 151 Officer :

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated Areas	Column 3 TOTAL (All BA Area)
	Complete this column	Do not complete this column	Do not complete this column
	£	£	£
NET RATES PAYABLE			
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	29,711,615	0	29,711,615
(LESS) LOSSES			
2. Estimated bad debts in respect of 2020-21 rates payable	-320,000	0	-320,000
3. Estimated repayments in respect of 2020-21 rates payable	-1,700,000	0	-1,700,000
COLLECTABLE RATES			
4. Net Rates payable less losses	27,691,615	0	27,691,615
DISREGARDED AMOUNTS			
5. Renewable Energy	252,264	0	252,264
6. Shale oil and gas sites scheme (see Note C)	0	0	0
7. Transitional Protection Payment		0	
8. Baseline		0	
DISREGARDED AMOUNTS			
9. Total Disregarded Amounts		0	0
DESIGNATED AREAS IN 100% PILOT AREAS			
10. Designated Areas Qualifying Relief: Not applicable	0	0	0
DEDUCTIONS FROM CENTRAL SHARE			
11. Designated Areas Qualifying Relief	0	0	0
Additional Growth Pilot Areas			
12. Net Rates payable for Growth Baseline comparison: Not applicable	0		0
13. Growth Baseline : Not applicable	0		0
14. Additional Growth in 'Growth Pilot' Areas: Not Applicable	0		0
Port of Bristol			
15. In respect of Port of Bristol: Not applicable	0		0
DEDUCTIONS FROM CENTRAL SHARE			
16. Total Deductions	0	0	0

Checked by Chief Financial / Section 151 Officer :

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.1

Local Authority : Tendring

PART 4: ESTIMATED COLLECTION FUND BALANCE

(Please refer to guidance notes for details about these cells.)

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)	£	£
		2,126,759

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2019-20	29,325,798	
3. Sums written off in excess of the allowance for non-collection	0	
4. Changes to the allowance for non-collection	-320,000	
5. Amounts charged against the provision for alteration of lists and appeals following RV list changes	650,000	
6. Changes to the provision for alteration of lists and appeals	-2,250,500	
7. Total business rates credits and charges (Total lines 2 to 6)		27,405,298

OTHER RATES RETENTION SCHEME CREDITS

8. Transitional protection payments received, or to be received in 2019-20	220,179	
9. Transfers/payments to the Collection Fund for end-year reconciliations	1,086	
10. Transfers/payments into the Collection Fund in 2019-20 in respect of a previous year's deficit	0	
11. Total Other Credits (Total lines 8 to 10)		221,265

OTHER RATES RETENTION SCHEME CHARGES

12. Transitional protection payments made, or to be made, in 2019-20	0	
13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2019-20	-12,830,814	
14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2019-20	-2,566,163	
15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2019-20	-10,264,651	
16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2019-20	-575,925	
17. Transfers/payments from the Collection Fund for end-year reconciliations	0	
18. Transfers/payments made from the Collection Fund in 2019-20 in respect of a previous year's surplus	-1,114,126	
19. Total Other Charges (Total lines 12 to 18)		-27,351,679

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2019-20 - Surplus (positive), Deficit (Negative)

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11 & 19)		£
		2,401,643

Checked by Chief Financial / Section 151 Officer :