

FINANCE AND GOVERNANCE PORTFOLIO HOLDER

30 JANUARY 2024

REPORT OF ASSISTANT DIRECTOR FINANCE AND IT

A.1 **BUSINESS RATES 'PROPERTY BASE' 2024/25**

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PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Finance and Governance Portfolio Holder's approval of the National Non-Domestic Rates Return (NNDR1) for 2024/25.

EXECUTIVE SUMMARY

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 be used to determine the estimates for Business Rate Retention in 2024/25. As a result, NNDR1 now needs to be approved before submission to Government.

The figures have been based on the rating list as at 10 January 2024 adjusted by estimated amounts for:

- changes in rateable value that will occur up to the end of 2024/25 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 2024/25 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 10 January 2024, adjustments are then made as follows:

- changes in rateable value that will occur up to the end of 2024/25 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 collectible in 2024/25 is **£28.514m**. Tendring's share is estimated at **£11.405m** (before collection allowance, tariff and levy etc.) shown in NNDR1 Part1B line 15.

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 has introduced as part of their budget announcements. Total estimated section 31 grants to be received by this Council relating to NNDR reliefs is **£7.068m**.

Following approval of the NNDR1 return, the figures will be 'translated' into amounts for inclusion in the 2024/25 budget that will be considered by Full Council on 13 February 2024. This includes the impact of the Freeport tax site in Harwich, which is classed as a designated area for the purposes of accounting for business rate income.

Risk

The risk associated with the NNDR1 return is that the final outturn position falls short of the estimate. The main factor associated with this is the settlement of business rate appeals which can result in significant reductions at outturn compared to estimate. Therefore based on experience from previous revaluations, an allowance of **£1.130m** has been made for appeals and other changes to rateable value. There is also an allowance of **£0.150m** for estimated reductions in business rates income 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 the Business Rate Resilience Reserve which included **£1.470m** at the end of 2022/23 to further mitigate the above risks.

LEGAL

The provisions for business rates retention were introduced under Schedule 1 of the Local Government Finance Act 2012. Corporate Finance and Governance Portfolio Holder has delegated powers to approve the NNDR1 Return (Part 3.41).

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 financial information regarding the estimated level of business rates collection for the forthcoming year and calculates the proportion of business rates income to be distributed to each preceptor.

This return is also used by preceptors as part of the calculation of their own estimates for the forthcoming financial year.

In a two-tier area with a Fire Authority the proportion of business rates to be distributed to each preceptor is set out below. Police and Crime Commissioners are excluded from the local distribution and instead receive their share of business rates funding direct from Government.

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

BACKGROUND PAPERS FOR THE DECISION

None.

APPENDICES

National Non-Domestic Rates Return (NNDR1) 2024/25.