FINANCE AND GOVERNANCE PORTFOLIO HOLDER

30 JANUARY 2026

REPORT OF CORPORATE DIRECTOR FINANCE & IT

A.1 BUSINESS RATES 'PROPERTY BASE' (NNDR1) 2026/27

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 2026/27.

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 2026/27. As a result, NNDR1 now needs to be approved before submission to Government.

RECOMMENDATION(S)
That the Council's National Non-Domestic Rates Return (NNDR1) for 2026/27 as set out in Appendix A be approved and submitted to Government.

REASON(S) FOR THE RECOMMENDATION(S)
To confirm the business rate amounts for 2026/27 in accordance with the Local Government Finance Act 2012.

ALTERNATIVE OPTIONS CONSIDERED
Not applicable as NNDR1 is a statutory Government return.

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.
OUTCOME OF CONSULTATION AND ENGAGEMENT
None.

<table>
<tr><th colspan="4">LEGAL REQUIREMENTS (including legislation & constitutional powers)</th></tr>
<tr><td rowspan="2">Is the recommendation a Key Decision (see the criteria stated here)</td><td rowspan="2">Yes</td><td>If Yes, indicate which by which criteria it is a Key Decision</td><td>☐ Significant effect on two or more wards
X Involves £100,000 expenditure/income
☐ Is otherwise significant for the service budget</td></tr>
<tr><td>And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</td><td>This item has been included within the Forward Plan for a period in excess of 28 days.</td></tr>
<tr><td colspan="4">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).</td></tr>
</table>

Yes	**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

There are no additional comments over and above those set out elsewhere in this report. It is important to highlight that the formal resolutions necessary to implement the Executive's budget proposals and council tax levy will be presented to Full Council in February.

FINANCE AND OTHER RESOURCE IMPLICATIONS

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 2025, adjustments are then made as follows:

- changes in rateable value that will occur up to the end of 2026/27 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 NNDR1 return for 2026/27 estimates non-domestic rating income of **£45.969m**, of which Tendring's share is estimated at **£18.387m**. (before other associated adjustments such as the 'tariff' payable to the Government).

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. A technical accounting change in 2026/27 requires that section 31 grants are paid into the local authority Collection Fund.

Following approval of the NNDR1 return the figures will be 'translated' into amounts for inclusion in the 2026/27 budget that will be considered by Full Council on 17 February 2026. 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.

<table>
<tr><td colspan="2">It is also worth highlighting that the NNDR1 return for 2026/27 reflects the changes made by the Government as part of their wider financial settlement reforms e.g. business rates ‘reset’, the change to business rate multipliers and the national revaluation exercise.</td></tr>
<tr><td>Yes</td><td>The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:</td></tr>
<tr><td colspan="2">There are no comments over and above those set out in this report.</td></tr>
<tr><td colspan="2">USE OF RESOURCES AND VALUE FOR MONEY</td></tr>
<tr><td colspan="2">The following are submitted in respect of the indicated use of resources and value for money indicators:</td></tr>
<tr><td>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</td><td rowspan="3">There are no direct implications. However the Business Rates ‘base’ forms part of the Council’s financial forecasting processes which support the wider delivery of financial sustainability and use of resources.</td></tr>
<tr><td>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</td></tr>
<tr><td>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</td></tr>
<tr><td colspan="2">MILESTONES AND DELIVERY</td></tr>
<tr><td colspan="2">The Business Rates ‘property base’ is required to be agreed by 31 January each year, which then informs the detailed budget setting process, the final step being a number of resolutions being agreed by Full Council in February each year as part of agreeing the council tax levy and following year’s budget.</td></tr>
<tr><td colspan="2">ASSOCIATED RISKS AND MITIGATION</td></tr>
<tr><td colspan="2">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 £1.839m has been made for appeals and other changes to rateable value debts. There is also an allowance of £0.294m 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%.</td></tr>
<tr><td colspan="2">EQUALITY IMPLICATIONS</td></tr>
<tr><td colspan="2">There are no direct implications.</td></tr>
<tr><td colspan="2">SOCIAL VALUE CONSIDERATIONS</td></tr>
<tr><td colspan="2">There are no direct implications.</td></tr>
<tr><td colspan="2">IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION</td></tr>
<tr><td colspan="2">As set out in Cabinet reports associated with the General Fund budget for 2026/27, there will be a number of implications and impacts which will be reviewed on an on-going basis over the forecast period. Any associated governance matters including the Government’s expectations along with the Council’s responsibilities will be highlighted within advice and future reports as necessary.</td></tr>
</table>

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050
There are no direct implications.

OTHER RELEVANT CONSIDERATIONS OR 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	There are no direct implications.
Health Inequalities	
Area or Ward affected	

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

PREVIOUS RELEVANT DECISIONS
None.
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None.

APPENDICES
National Non-Domestic Rates Return (NNDR1) 2026/27.

REPORT CONTACT OFFICER(S)	
Name	**Lewis Vella**
Job Title	**Senior Finance Manager**
Email/Telephone	**lvella@tendringdc.gov.uk**