Enfield Council

Business rate base 2017/18.

Appendix E to Council Report – 25th January 2017

1. Introduction

1.1 The Local Government Finance Act 2012 introduced the business rates retention scheme (BRRS) in 2013 and the local council tax reduction scheme (the replacement for Council Tax Benefit). This BRRS scheme sees the move away from the central pooling of business rates to the sharing of risk and reward between central and local Government.

2. Recommendation

2.1 The Council agrees the non- domestic rating income estimate for 2017/18, excluding collection fund adjustments at the end of 2016-17 of £114,166,246 in accordance with the calculation in the NNDR1 return shown. Enfield's rate retention share will be £34,249,874.

2.2 It is recommended that Council agrees the amendment to the Discretionary Rate Relief Policy through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act to incorporate:

The **doubling of rural rate relief to 100%** from 1 April 2017

The introduction of a £1,500 business rates discount for office space occupied **by local newspapers**, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.

2.3 Local authorities will be compensated in full for their loss of income as a result of these changes.

2.4 That Council notes:

The Government's intention to provide a new 100% business rates relief for new full-fibre infrastructure for a five year period from 1 April 2017 to **support the rollout of new full-fibre broadband infrastructure and future 5G** communications to homes and businesses.

The **doubling of the Small Business Rate Relief** (SBRR) from 50% to 100% will be made permanent from 1 April 2017. The £6,000 and £12,000 thresholds will increase to £12,000 and £15,000 respectively.

The Government's intention to introduce the necessary legislation to enable local authorities to use their existing discretionary relief powers to support **publicly owned public toilets** from 1 April 2018.

From 1 April 2017, authorities will no longer be required to provide individual **copies of explanatory notes** when bills are issued and **end Multi Year Billing on a single bill**

The government's expectation that authorities should be working towards ensuring that all ratepayers have the opportunity to both **receive and pay bills online** as soon as possible and that the Government intends to make this a mandatory requirement by April 2018.

3. NATIONAL NON-DOMESTIC RATES RETURN – NNDR1 2017-18

3.1 The NNDR1 return is used to report the estimate of Enfield's business rate base to Department of Communities and Local Government (DCLG).

3.2 The Non-Domestic Rating (Rates Retention) Regulations 2013 require Enfield Council to calculate the following amounts and to notify these amounts to the Secretary of State and any relevant precepting authorities by **Tuesday 31 January 2017:**

- the amount of the central share of its non-domestic rating income for the relevant year;
- the amount of each relevant precepting authority's share of non-domestic rating income for the relevant year;
- the amount (if any) to be deducted from the central share payment in accordance with regulation 4(1) (qualifying relief);
- the amount of each relevant precepting authority's share of any amount to be deducted from the central share payment in accordance with regulation 4(1);
- the authority's estimate of the amount specified by regulation 7(2) (payments with respect to county matters) for the relevant year;
- The authority's estimate of the surplus or deficit on its collection fund for the preceding year.

3.3 Enfield Council is also required by the Non-Domestic Rating (Transitional Protection Payments) Regulations 2013 to estimate its actual and deemed rating income for the year in accordance with those regulations and to the notify the Secretary of State of the amounts by **Tuesday 31 January 2017.**

4. Completing the NNDR1

4.1 Each billing authority needs to estimate the business rate income it expects to collect in the next financial year. This is done by completing a revised NNDR1 using as its starting point the rateable value on local lists as at 31st December 2016.

4.2 From the gross yield figure a series of deductions must be made

1. The amount of small business rate relief
2. The total of all mandatory and discretionary reliefs
3. Cost of collection (provided by the DCLG)
4. Losses on collection
    - Bad debt provision (indicative figures provided by DCLG adjusted on locally held information)
    - Future appeal provision

Then the following additions must be made

1. Additional yield generated to small business rate relief
2. Additional rates collected as a result of rates deferred

4.3 This results in the Net Rating Income which is the figure that central government will use to estimate the central share and shares to preceptors. This figure also determines the safety net and levy payments.

5. Timetable

5.1 The NNDR1 form must be completed by the 31st January 2017. The NNDR3 return, which reports the actual out turn, will be completed by end of June 2017 and includes results in the gross collectable rates income. The NNDR3 determines the actual surplus and deficit on the collection fund and this is used to calculate the difference between the forecast surplus and deficient on the collection fund for the year before that immediately preceding the relevant financial year and the actual as determined in the NNDR3

6. The Role of NNDR1/3 in the schedule of payments

6.1 The NNDR1 estimates the net rating income and 33% is paid to central government. Of payments to preceptors the calculation follows the same use of NNDR1 but the figure is 37% to the GLA as set out in regulation.

7. Approval

7.1 The approval of the NNDR 1 return is delegated in line with usual governance practices to the Audit committee. For this year the decision will be exercised by the full council as the return was not received until late December and the system reports to produce the data were not available prior.

8. Rate Retention Calculation

8.1 Based on the calculation at Appendix 1 the amount to be retained by Enfield under the rate retention scheme will be

£34,249,874, excluding Collection fund adjustments at the end of 2016-17.

9. BUSINESS RATES ANNOUNCEMENTS IN THE AUTUMN STATEMENT

9.1 Rural Rate Relief

Enfield has a small area of green belt land which is included in the provisions for Rural Rate Relief. Businesses can get rural rate relief of between 50% and 100% if their business is in a rural area with a population below 3,000 and is:

- the only village shop or post office, with a rateable value of up to £8,500
- the only public house or petrol station, with a rateable value of up to £12,500

Enfield can also:

- top up the mandatory 50% relief to 100%
- give relief of up to 100% to other rural businesses (for properties with a rateable value under £16,500)

The Autumn Statement confirmed that the Government will double rural rate relief to 100% from 1 April 2017. The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief.

However, before the requirement to grant mandatory relief comes into force The Government expect local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017.

Local authorities will be compensated in full for their loss of income as a result of this change. This compensation will be paid by section 31 grant and calculated on the basis of the returns that councils make under the rates retention scheme.

9.2 Rate Relief on Telecom Fibre Optics

The Government will provide a new 100% business rates relief for new full-fibre infrastructure for a five year period from 1 April 2017 to support the rollout of new full-fibre broadband infrastructure and future 5G communications to homes and businesses.

It will introduce the necessary changes to primary legislation as soon as possible and anticipate that this will enable the relief to be backdated to April 2017. No action is required yet by local authorities. DCLG and the Valuation Office Agency will work with the telecoms sector and local government on implementing the relief and will publish guidance on how it will operate in due course.

9.3 2017 Revaluation and Transitional Relief

The Government have published the transitional relief scheme for the 2017 revaluation and the associated regulations which provides support to small and medium businesses seeing increases and to also allow those small and medium businesses seeing reductions to gain quickly from the revaluation.

The transitional relief scheme has been developed using detailed data on the 2017 revaluation prepared independently by the Valuation Office Agency. The scheme must be revenue neutral and, in order to continue to support small and medium businesses, the Government has decided to provide less relief for large businesses than in 2010.

9.4 Provisional 2017-18 Multipliers

In September the Government proposed the multiplier would reduce to ensure the revaluation does not raise any more in rates. Using the latest data from the revaluation, the Government have proposed to reduce the small business non-domestic multiplier for 2017/18 from **48.4p** to **46.6p**. The national non-domestic multiplier will fall from **49.7p** to **47.9p**. The multipliers will be confirmed after either the Local Government Finance Report for 2017-18 has been approved by Parliament or 1 March 2017, whichever is earlier.

9.5 Update on Budget 2016 Measures

Small Business Rate Relief

At Budget 2016, the Government confirmed that the doubling of the Small Business Rate Relief (SBRR) from 50% to 100% will be made permanent from 1 April 2017. The £6,000 and £12,000 thresholds will increase to £12,000 and £15,000 respectively. Therefore, hereditaments with rateable values of £12,000 or below that meet the eligibility criteria will receive 100% relief and those businesses with rateable values between £12,001 and £14,999 will receive tapered relief. The taper will operate as at present – with 100% relief for eligible hereditaments with an RV of £12,000 or below, decreasing to 0% relief for hereditaments with an RV of £15,000 or above.

The threshold for the standard business rates multiplier will also increase from a rateable value of £18,000 (£25,500 in London) to £51,000. We will compensate local authorities for loss of income through section 31 grants and will amend the relevant regulations to bring these changes into effect from 1 April 2017.

Local Newspapers

The Chancellor announced at the Budget that the Government will introduce a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017. The relief will be delivered through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act. The Government will reimburse billing authorities for the actual cost to them under the rates retention scheme of granting this relief. The guidance for business rates relief for local newspapers can be found at the following link:

www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-

for-local-newspapers

Public Toilets

The Government intends to introduce the necessary legislation to enable local authorities to use their existing discretionary relief powers to support publicly owned public toilets from 1 April 2018.

Better Billing and Digitalisation Measures

At Budget 2016 and following the Business Rates Review, the Government stated its commitment to work with authorities to standardise business rates bills, ensure ratepayers have the option to receive and pay bills online, make explanatory notes available online and end multi-year billing.

Publishing Explanatory Notes Online:

From 1 April 2017, authorities will no longer be required to provide individual copies of explanatory notes when bills are issued. Instead, authorities will be required to publish explanatory notes online, based on model explanatory notes provided by DCLG. The Government intends to make the necessary amendments to the relevant regulations to implement this change for April 2017.

End Multi-Year Billing On a Single Bill:

Feedback from ratepayers during the Business Rates Administration Review was that multi-year bills are difficult to understand. The government intend to amend regulations to end multi-year billing by removing the current provision in the (amended) 1989 regulations that allow for a single notice to cover more than one year. The Government intends to make the necessary amendments to the relevant regulations to implement this change for April 2017.

A Standard Simplified Business Rates Bill:

Responses to the Business Rates Administration Review also said that ratepayers found existing bills (even for single year periods) difficult to understand. At Budget 16 the Government committed to work with local authorities across England to standardise business rate bills. The Department is continuing to work with the sector on this commitment, and is aiming to develop and share a model best practice example bill in 2017. The Government does not intend to regulate to enforce any mandatory changes to bill format (apart from the changes above) ahead of April 2017.

Online Payment and Receipt of Business Rate Bills

The Government is committed to ensuring that all ratepayers have the opportunity to both receive and pay bills online. The vast majority of authorities already offer online payment of bills. A significant number also offer online receipt of bills (either via email or online accounts). The Government does not intend to introduce a legislative requirement to provide electronic bills by April 2017. However, where authorities do not already provide this service, we expect that they should be working towards implementation as soon as possible and Government intends to make this a mandatory requirement by April 2018.

APPENDIX 1

NNDR 1 RETURN SUMMARY FOR 2017/18

1. Rateable Value at 31st December 2016	281,343,891
2. Small business rating multiplier for 2017-18 (pence) 46.6	
3. Gross rates 2017-18 - (RV x multiplier)	**131,106,253**
4. Estimated growth/decline in gross rates	-0
5. Forecast gross rates payable in 2016-17	**131,106,253**
6. Net cost of transitional arrangements	N/A
7. Total forecast mandatory reliefs to be provided in 2016-17	-9,581,823
8. Total forecast unoccupied property 'relief' to be provided in 2015-16	-2,468,040
9. Total forecast discretionary relief to be provided in 2015-16	-420,035
10. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16	-1,500
11. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	**118,634,855**
12. Estimated bad debts in respect of 2015-16 rates payable	-1,423,618
13. Estimated repayments in respect of 2015-16 rates payable	-2,705,209
14. Net Rates payable less losses	**114,506,028**
15. Cost of collection formula	-339,782
NON-DOMESTIC RATING INCOME	**114,166,246**

NON-DOMESTIC RATING INCOME FROM RATES RETENTION SCHEME

Central Government	Enfield	Greater London Authority	Total
£	£	£	£
37,674,861	**34,249,874**	**42,241,511**	**114,166,246**