

Enfield Council

Appendix E

Cabinet Report – 23rd January 2019

2019/20 Business Rate base

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. The Government has recently announced the London business rates retention pilot for 2019/20 to be 25% Government/75% local share. The local share will be split 36% Greater London Council/64% London boroughs so the GLA will receive 27% and Enfield 48% of business rate income.

2. Recommendation

- 2.1 The Council agrees the non- domestic rating income estimate for 2019/20, excluding collection fund adjustments at the end of 2019-20 of £112,424,133 in accordance with the calculation in the NNDR1 return shown. Enfield's rate retention share will be £53,963,584 based on a 48% allocation.
- 2.2 It is recommended that Council agrees the following 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:

I. Rate Retail

A one third discount for retail property with a rateable value below £51,000 for two years;

II. Stand-alone public toilets

To grant a 100% relief from business rates for all standalone public toilets

III. Local Newspaper Offices

Extension of the £1500 business rates discount for local newspapers' office space in 2019/20.

IV. Discretionary Rate Relief Scheme

The Government also announced the establishment of a £300m discretionary fund over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation. Enfield's share of the discretionary fund is:

Amount of discretionary pot awarded (£000s)

Local authority	2017-18	2019-20	2019-20	2020-21
Enfield	910	442	182	26

Enfield's Discretionary Rate Relief Scheme for 2019-20 will limit increases accordingly:

- between £15,000 and £100,000 – limit increase to 5%
- between £100,001 and £200,000 – limit increase to 10%

These percentages will be subject to amendment if the full amount of Government funding is not allocated.

Exclusions –

For properties where any of the following apply, the ratepayer will not be eligible for local discretionary business rate relief (this list is not exhaustive):

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)

Further Exclusions

- Properties that are operated by the same organisation / business. This applies where the business runs four or more properties in the U.K or in the U.K and overseas.
- Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively).
- Properties which are unoccupied/Empty or just used predominantly for storage on a temporary six weeks basis.
- Where the award of relief would not comply with EU law on State Aid.

The Council will also operate a discretionary hardship scheme for any residual funding from year 3 or year 4 for businesses receiving help to top up discretionary payments if the business can demonstrate financial hardship due to the revaluation.

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

- 2.3 Please note Local Government will be fully compensated for the loss of income as a result of these measures.

3. NATIONAL NON-DOMESTIC RATES RETURN – NNDR1 2019-20

- 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 Wednesday **31 January 2019**:

- 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 **31st January 2019**.

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 2018.

- 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 2019. The NNDR3 return, which reports the actual out turn, will be completed by end of June 2019 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 27% is paid to the GLA and 48% paid to Enfield 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 £53,963,584, excluding Collection fund adjustments at the end of 2019-20.

APPENDIX 1

NNDR 1 RETURN SUMMARY FOR 2019/20

1. Rateable Value at 31st December 2018	278,875,723
2. Small business rating multiplier for 2019-20 (pence) 49.1	
3. Gross rates 2019-20 - (RV x multiplier)	136,927,980
4. Estimated growth/decline in gross rates	-0
5. Forecast gross rates payable in 2019-20	136,927,980
6. Net cost of transitional arrangements	482,321
7. Total forecast mandatory reliefs to be provided in 2019-20	-11,422,470
8. Total forecast unoccupied property 'relief' to be provided in 2019-20	-2,226,163
9. Total forecast discretionary relief to be provided in 2019-20	-411,269
10. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2019-20	-3,696,269
11. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	119,381,130
12. Estimated bad debts in respect of 2019-20 rates payable	-1,193,811
13. Estimated repayments in respect of 2019-20 rates payable	-4,956,000
14. Net Rates payable less losses	113,231,319
15. Cost of collection formula	-324,865
16. Sums due from the authority	-482,321
NON-DOMESTIC RATING INCOME	112,424,133

NON-DOMESTIC RETENTION SCHEME		RATING	INCOME	FROM	RATES
Central Government	Enfield	Greater London Authority	Total		
£	£	£	£		
28,106,033	53,963,584	30,354,516	112,424,133		