


**NORTH LINCOLNSHIRE COUNCIL  
OFFICER DECISION NOTICE AND RECORD  
(PUBLISHED)**

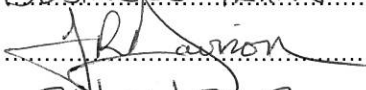
<b>1. DECISION TAKEN</b>			
To set the Non-Domestic Rating income for 2018-19 as £76.001m and approve the corresponding 2018/19 NNDR1 form's release to MHCLG, Greater Lincolnshire Pool and Humberside Fire and Rescue Service.			
EXECUTIVE		NON-EXECUTIVE	<input checked="" type="checkbox"/> (Please tick either)
IS THIS A 'KEY DECISION' ? (see definition overleaf)			N/A
DOES THIS DECISION RELATE TO EXEMPT INFORMATION?			No
EXEMPT PARAGRAPH REFERENCE (NOT TO BE PUBLISHED)			

<b>2. OFFICER DECISION TAKER</b>	<b>NAME</b> Becky McIntyre <b>POSITION/POST</b> Director Governance and Partnerships <b>SIGNATURE</b>  <b>DATE</b> 31/01/2018
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<b>3. REASONS FOR THE DECISION</b> (Please ref to any report/minute/background documents attached)	See attached report
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<b>4. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED (BY DECISION TAKER(S))</b>	See attached Report
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*TO BE COMPLETED BELOW - ONLY WHEN A DELEGATED OFFICER DECISION REQUIRES PRIOR CONSULTATION WITH A MEMBER (LEADER OF THE COUNCIL, CABINET MEMBER/CHAIRMAN OF A COMMITTEE) IN ACCORDANCE WITH THE 'SCHEME OF DELEGATIONS TO OFFICERS' OR DECISION/MINUTE OF COUNCIL/COMMITTEE OR DECISION/MINUTE OF CABINET/CABINET MEMBER.*

<b>5. DECISION REQUIRED TO BE TAKEN IN CONSULTATION WITH RELEVANT MEMBER</b>	<b>COUNCILLOR</b> JOHN R. DAVISON <b>POSITION</b> BUSINESS TRANS & FINANCE <b>SIGNATURE</b>  <b>DATE</b> 31/01/2018
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<b>6. ANY CONFLICT OF INTEREST DECLARED BY ANY EXECUTIVE (CABINET) MEMBER (S) CONSULTED, WHICH RELATES TO THE DECISION, OR (NON-EXECUTIVE) –</b>	
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<p>ANY MEMBER OF THE COMMITTEE THAT DELEGATED THE DECISION TAKEN</p>	
<p>7. WITH REFERENCE TO 6. ABOVE - HAS ANY DISPENSATION BEEN GRANTED TO THE EXECUTIVE (CABINET) MEMBER? (ONLY APPLIES TO EXECUTIVE)</p>	

**PLEASE REMEMBER TO ATTACH ANY ACCOMPANYING REPORT.**

**WHEN COMPLETE, PLEASE SEND TO HEAD OF DEMOCRATIC SERVICES, CIVIC CENTRE, SCUNTHORPE FOR PUBLISHING.**

**(The definitions of a key decision are when an executive decision is likely -**

(i) to result in the Council incurring expenditure or the making of savings (including the receipt or loss of income) over £350,000 in any one financial year; or

(ii) to be significant in terms of its effect on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority).

**NORTH LINCOLNSHIRE COUNCIL**

**DIRECTOR OF GOVERNANCE AND PARTNERSHIPS**

**SETTING THE NON-DOMESTIC RATES TAX YIELD FOR 2018/19**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To set the National Non Domestic Rate Tax Yield for 2018/19 and submit the return to the Department of Communities and Local Government by the due date of 31<sup>st</sup> January 2018.
- 1.2 At the Council meeting on the 11th December 2014 the authority to take this decision was delegated to the Chief Financial Officer in consultation with the relevant cabinet member.

**2. BACKGROUND INFORMATION**

- 2.1. Each year the Council estimates the amount of NNDR it will collect in the following financial year and makes a return, the NNDR 1, to Government. This report seeks approval of the return for 2018/19.
- 2.2. Since 1<sup>st</sup> April 2013 the total business rate for England is shared 50/50 between central government and local government. The government uses the central share to fund any grants it makes to local government. Central Government sets the parameters for the NNDR scheme, including a series of reliefs and the multiplier, which is the rate applied to the taxbase.
- 2.3. The scheme allows new tax income from Renewable Power and designated Enterprise Zones to be retained locally. Of the remaining net yield the council pays 1% to Humberside Fire and Rescue Service, the balance being the council's local share.
- 2.4. However, the scheme also redistributes business rates from authorities with large tax bases to those with smaller tax bases relative to their needs. It does this by applying a tariff to councils with a local share greater than the Government's estimate of that council's needs. North Lincolnshire is a tariff authority.
- 2.5. A further feature of the arrangements is sharing growth above the NNDR baseline between government and council, typically 50/50. Similarly, if a council's tax take reduces by more than 7.5% against that baseline a safety net would apply with government covering any further loss.
- 2.6. The government plans to reset the NNDR system from 2020 with a 75% local share. In the interim it is piloting a 100% retention scheme where NNDR is retained in full locally, after the deduction of the tariff. For 2018/19 North Lincolnshire applied to pilot 100%

NNDR retention as part of a Greater Lincolnshire bid. The bid was successful. This means that formula grant (Revenue Support Grant and Rural Services Grant) for 2018/19 is rolled into the local share of business rates and the tariff mechanism has been adjusted to maintain an equitable position. The benefit is that the council will keep 100% of growth above the baseline funding level for 2018/19.

2.7. Under the 100% scheme councils are guaranteed to receive 97% of the baseline funding level, so for North Lincolnshire Council the minimum funding from NNDR it can receive is £41.02m. If receipts fall below this amount, the council will receive a payment from government under its Safety Net scheme.

2.8. The council is currently estimating that it will retain more than this minimum level, so the potential risk as well as the potential reward is greater. The council is unusually reliant on a small number of businesses paying large amounts of NNDR. These businesses include British Steel and a number of refineries and power stations, which together comprise around 30% of the local tax base.

### 3. OPTIONS FOR CONSIDERATION

3.1. To approve the calculation of the net NNDR yield in 2018/19 of £76.001m. **This is the best current estimate of the 2018/19 yield and so there are no other options to consider**

3.2. To submit the NNDR1 return to the Department of Communities and Local Government and inform Humberside Fire and Rescue of the NNDR Tax Yield for 2018/19.

### 4. ANALYSIS OF OPTIONS

4.1. The Government specifies the sources to be used for most of the data used in this calculation. This includes the tax yield measured at the end of the prior year modified by reliefs and losses.

4.2. For 2017/18 there is expected to be a significant shortfall in NNDR receipts. This is mainly due to several successful backdated appeals, which require substantial refunds. The net effect is estimated to reduce council receipts for the current year below the baseline funding level and to trigger a safety net payment. This has a one off impact on the 2017/18 tax take, creating a deficit to carry forward to 2018/19, this has been factored into the council's medium term financial plan.

4.3. The council has discretion in two important areas. It is required to estimate the amount of growth or decline in the tax base, and the impact of any appeals it expects in 2018/19. An assessment has therefore been made of the potential growth or reduction in the tax base in 2018/19. The main factors affecting the forecast of growth are the impact of appeals and general growth in the tax base. The impact of appeals may be significant but the most significant appeals can take some time to be resolved. A net growth in the tax base of £723,000 has been assumed.

- 4.4. The Valuation Office Agency (VOA), the government agency responsible for valuing domestic and non-domestic properties, are able to provide some assistance on the number of appeals outstanding. An estimate of the impact on the tax base for 2018/19 has been calculated and included in the NNDR 1 return. Some of the area's largest rateable value sites are subject to appeals and if successful these appeals could result in substantial refunds which could be backdated for up to seven years. The council is estimating to set aside 4.7% of its NNDR yield in 2018/19 as a provision for appeals
- 4.5. There are currently a number of renewable energy plants within North Lincolnshire which the council retain the business rates in full. All new renewable energy plants that open in North Lincolnshire will continue to generate 100% business rates.
- 4.6. Future prospects for the area are reasonable with the focus being on growing the existing industrial base and the potential construction of two Power Stations at Keadby and Killingholme. However it is vital existing high value sites in the area are retained. The loss of any one of the six highest valued sites would lose the council significant funding.
- 4.7. Although the scheme does bring some opportunities it also increases the risks to the council's finances. Experience shows that the tax yield can be volatile. The 100% pilot increases these risks. The additional risk is partially offset by an increase in the provision for appeals and the Safety Net mechanism.

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1. It is estimated that by setting the NNDR tax base at £76.001m the council will assume for budgeting purposes £44.213m. This is after deduction of the estimated tariff payment of £29.490m, the Fire Authority share and the prior years' deficit.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 6.1. Regulations under the Local Government Finance Act 2012 specify that the council must approve its NNDR tax yield and notify Central Government by returning the NNDR 1 form by 31 January.

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

- 7.1. The Cabinet Member for Business Transformation and Finance has been consulted and is in agreement with the content of this report

## **8. RECOMMENDATIONS**

- 8.1 That an estimated NNDR tax yield for 2018/19 is set at £76.001m.
- 8.2 That the Secretary of State, the Greater Lincolnshire Pool and Humberside Fire and Rescue Service be duly notified.

HEAD OF FINANCIAL SERVICES

Civic Centre  
Ashby Road  
SCUNTHORPE  
North Lincolnshire  
DN16 1AB

Author: Mark Kitching/ Peter Fijalkowski

Date: 29 January 2018

**Background Papers used in the preparation of this report**

Local Government Finance Act 2012

NNDR1 2018/19