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Governance & Civic Services

Town Hall
Trinity Road
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To: Members of the Cabinet

Date: 29 January 2013
Our Ref:
Your Ref:

Please contact:

Steve Pearce

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Dear Councillor

CABINET - THURSDAY 31ST JANUARY, 2013

I refer to the agenda for the above meeting and now enclose the following report(s) which were unavailable when the agenda was printed.

Agenda No.

Item

4. **Transformation Programme and Revenue Budget 2012 - 2015** (Pages 227 - 234)

A copy of the revised Annex F to the report is attached. A working draft of the annex was inadvertently included in the previously published document. In addition to this, paragraph 5.2 in the report should read "Attached at Annex F is a summary of options that will be included in the plan and this will be refined prior to the Budget Council on 28th February to identify

- a) The implementation date of each option.
- b) The financial consequences in each of the two years including the part year impact where appropriate.
- c) The key assumptions.
- d) The risk of underachievement particularly where there is a dependency on other organisations."

5. **Council Tax Base for 2013/14 and National Non-Domestic Rates Return 1 2013-14** (Pages 235 - 248)

Report of the Head of Corporate Finance and ICT

Yours sincerely,

G. BAYLISS

Director of Corporate Commissioning

Cabinet - 31 January 2013 – Revised Options Summary

Ref	Service Area	Option	Proposed Reduction
			Total
			£'000

Options Previously Recommended by Cabinet- Awaiting referral to Council

	Senior Management	Restructure	150
	Review of Street Lighting	Lighting options	64
E2.1	Children's Social Care	Review of the commissioning of all residential beds for children	1,000
F1.5	Parks & Green Spaces	Increase Fees - allotments	40
D1.1	Early Intervention and Prevention	Integrated Youth Support (Targeted Youth Support & Strengthening Families Team) & Reduce YOS Budget Re-alignment	92
D1.2	Early Intervention and Prevention	Offset Substance Misuse work from DAT Public Health budget -re-alignment	124
D1.3	Learning & Support	Statutory provision and monitoring of Education other than a school - Budget re-alignment - supplies and services	9
D1.4	Learning & Support	Budget re-alignment Welfare and Pupil Attendance - Teaching elements to Dedicated Schools Grant	25
D1.5	Learning & Support	School Admission, Appeals and Student Support – Reduction in administration costs (supplies and services)	19
D1.6	Learning & Support	Connexions - Budget re-alignment	60
D1.7	Children's Social Care	Social Care Commissioned Services – travel, supplies and services. To recommission Council Children's Social Care travel (vehicle hire, leasing and taxis)	100

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D1.8	Economy	To relocate staff from The Investment Centre, to Magdalen House	48
D1.9	Economy	Budget re-alignment of salaries to be funded from grants, contracts and reserves	116
D1.10	Democracy	Budget re-alignment - members allowances as agreed by July 2012 Council	147
D1.11	Corporate Support Services	Risk Management (Insurance)	50
D1.12	Corporate Support Services	Procurement. ICT and financial support	50
D1.13	Public Health	Integration Efficiencies	1,137
D1.22	Health & Wellbeing	Crosby Civic Hall - pilot external arrangements, with option of closure of unsuccessful	46
D1.23	Early Intervention and Prevention	Aiming High - Review of Integrated Short Breaks – Budget realignment	55
D1.33	Street Scene	Cleansing Service - Re-organisation of workload and work patterns	50
D1.34	Built Environment	Further deferrment of the re-instatement of Highway management funding	800
			4,182

Options Previously Considered- Now Amended

Terms and Conditions (Paragraph 3.3)

Para 3.3	Terms & Conditions	Amendment	3,000
			3,000

Car Parking (Paragraph 3.4)

Para 3.4	Parking	Strategic Review of Car Parking	300
			300

VCF (Paragraph 3.5)

Para 3.5 includes F3.1, F3.3, F4.2 & D1.28	Commissioning	Refer to para 3.5	940
			940

Options Previously Approved for Consultation- Cabinet now requested to consider (Paragraph 3.7)

D1.16	Early Intervention and Prevention	Healthy Schools - Transfer function of co-ordination and consultant roles to schools	60
D1.17	Children's Social Care	Social Care - Central Management Costs and Support Costs - restructure / realign	100
D1.18	Learning & Support	Reduce School Targeted Intervention	260
D1.19	Street Scene	Building Cleaning - change frequency of office cleaning	100
D1.20	Environment	Trading Standards - staff restructuring	50
C3.1	Infrastructure	Re-integration, re-commission and restructuring of services – Built Environment	500
D1.21	Communications	Communications - Integration of staff	40
C3.2	Home Improvements	Housing Improvement Agency service brought in house	37
F1.2	Grounds Maintenance including Grass Cutting	Recharging grounds maintenance/utility costs for adult football/sports users/bowlers	85
F1.4	Cemeteries and Crematoria	Increase burial and cremation charges	400
F4.3	Corporate Commissioning	Double rating – reduction in line with Council grounds maintenance contracts	33

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D1.30	Built Environment	Pest Control - introduction of a charge	30
			1,695

Options Associated with Adult Social Care (Paragraph 3.11)

D1.14	Adult Social Care Options F3.2, D1.39 and D1.41 should now be considered as one option and updated information is described in section (ii) of annex D.	Assessment & Care Management Teams - Reconfigure teams / skill mix	208
D1.15		Reconfiguration of the Supporting People commissioning team.	186
F1.6		Community Meals change in approach	200
New Option		Remodel day care and respite provision	5,990
D1.35		Section 117 After Care Funding	200
D1.36		Community Health - prioritise and undertake reviews of service users currently in nursing care to ensure that they are supported via appropriate agencies.	400
D1.37		Assistive Technology - Increase use of equipment to ensure users are able to remain in their homes with minimal outside support	200
D1.38		Increase charges for a range of services	564
D1.40		Recover surplus / unspent direct payment funds at regular and earlier intervals and cease the first year one-off workplace insurance payment	752
D1.42		Revise Re-enablement model. Investment of one-off payment of £900,000 from Health will enable more users to go through a re-enablement process, thereby reducing levels of admission to short & long term care	1,200

D1.43		Further incremental reductions in housing related support	500
			10,400

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Options still Subject to Consultation (Paragraph 3.14)

D1.24	Street Scene	Cleansing - Cease provision of free Plastic Sacks, excluding premises with difficult access	60
D1.32	Street Scene	Closure of all Public Conveniences	52
D1.25	Economy	Cease subscription to Mersey Forest and voluntary reduction in working hours	51
D1.27	Corporate Commissioning	Corporate Commissioning & Neighbourhood Coordination (CCNC) Service - rationalise service	200
Para 3.14	Libraries	Review of Service	400
			763

Financing Options and Assumptions (Paragraph 4)

Para 4	Business Rates	Small Business Rates Relief - S31 Grant	1,171
Para 4	Health and Wellbeing	NHS Support for Social Care	1,748
Para 4	Levies		1,180
Para 4	Levies	To get total 2 year reduction to £4m	2,189
Para 4	Transport Authority	Recharge	631
Para 4	Street Scene	Cleansing - Charge for Green Waste collections - A 2014/15 / 2015/16 proposal for an opt-in charge	1,000
Para 4	Disabled Facilities Grants		1,000
Para 4	Council Tax	Council Tax Freeze Grant	1,180
Para 4	Council Tax	Council Tax Increase	1,396
Para 4	Subscriptions	Local Government Association membership	-45
Para 4	Subscriptions	North West Employers membership	-25
			11,425

New Options- Recommended for Consultation (Paragraph 3.6, 4.3 & 4.5)

Para 4.3	Learning & Support	To effect a further saving from the retained element of the Connexions Grant	400
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Para 4.3	Early Intervention and Prevention	Review pathway of support for children with additional needs to increase effectiveness and efficiency	400
Para 4.3	Health and Wellbeing	Management fee reduction - Formby Pool Contract	50
Para 4.3	Health and Wellbeing	Public Health Substance misuse - Reduce service specification	500
Para 4.3	Investment and Infrastructure	Investment & Infrastructure - Increase income from Network Management	50
Para 4.3	Economy	Southport Theatre Complex (Tender or In-house management)	100
Para 4.3	Economy and Neighbourhoods	Withdraw financial support from Southport's Christmas Lights and Christmas Trees across the Borough	30
Para 4.3	Corporate Support	Further savings from Learning & Development (including departmental budgets)	50
Para 4.3	Corporate Support	Public Health integration	100
Para 4.3	Corporate Support	Area Committees - Reduce from 7 to 3	20
Para 4.3	Corporate Support	Democratic Services - Stop servicing all non-member meetings and those non-standing committees without decision-making powers(officer meetings, taxi drivers annual meeting, area partnerships, etc)	51
Para 4.3	Council	Council Tax -100% on empty properties from month 2	400
Para 4.5	Street Scene	Landscape -Co-ordination of voluntary work in parks (transition)	175
Para 4.5	Health and Wellbeing	Local History and Volunteers (transition)	40
Para 3.6, includes previous option D1.29	Corporate Commissioning	Double Rating – cessation (2014/15)	180
			2,546

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Total Options still subject to consideration	35,251
Options Agreed by Council on 22nd November 2012	15,549
Total Options	50,800

Report to: Cabinet

Date of Meeting: 31 January 2013

Subject: Setting the Council Tax Base and approval of the National Non-Domestic Rates Return 1 2013-14

Report of: Head of Corporate Finance & ICT **Wards Affected:** All

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

To seek Cabinet approval of the National Non-Domestic Rates Return 1 2013-14.

To set the various Council Tax Bases for 2013-14

Recommendation(s)

National Non-Domestic Rates Return

1. Cabinet is asked to approve the National Non-Domestic Rates Return 1 2013-14 attached as Annex B for submission to the Government.

Council Tax Base

2. That, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992 as amended the amount calculated by Sefton Council as the council tax base for Sefton and for each Parish Area for 2013-14 shall be as follows:

In the Metropolitan Borough of Sefton	76,516.20
In the Parish of Aintree Village	1,953.05
" " " " Formby	8,756.63
" " " " Hightown	832.29
" " " " Ince Blundell	158.05
" " " " Little Altcar	262.31
" " " " Lydiate	1,951.38
" " " " Maghull	6,256.29
" " " " Melling	942.90
" " " " Sefton	220.73
" " " " Thornton	725.13

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3. Cabinet is asked to agree the following payments to Parish Councils in 2013-14 to compensate them for the cost of the Council Tax Reduction Scheme:

Parish	£
Aintree Village	12,972
Formby	3,070
Hightown	246
Ince Blundell	311
Little Altcar	226
Lydiate	19,959
Maghull	77,638
Melling	2,470
Sefton	721
Thornton	505
	118,118

4. It be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Performance and Corporate Services) have given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules, for the decision to be taken by the Cabinet at its meeting on 31 January 2013 on the Council Tax Base, to be treated as urgent and not subject to “call in”, because legislation requires local authorities to notify the Department for Communities and Local Government and precepting bodies of the Council Tax Base by no later than 31st January 2013.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

Reasons for the Recommendation:

The Council is required to set its Council Tax Bases for 2013-14 and approve its NNDR1 Return for submission by 31st January 2013.

What will it cost and how will it be financed?

(A) Revenue Costs

NNDR1: As part of the Local Government Finance Settlement the Government has calculated Sefton’s business rates baseline at £33.378m for 2013/14. This is the amount the Government expects the Council to retain as its share of business rates in the year. The NNDR1 return forecasts the Council’s actual share of business rates at £32.167m, leaving a shortfall of £1.261m. This is expected to be offset by small business rate relief funding of £1.171m, which will be provided outside of the rate retention scheme. The net budget shortfall is forecast at £0.090m.

Council Tax Base: The Council’s tax base has reduced by 16,603.38 Band D equivalent properties. This will lead to a reduction in forecast council tax income of £21.031m in 2013/14. In part this will be offset by council tax support funding of £20.508m, giving a net funding reduction of £0.523m, assuming no increase in the Council’s Band D tax in 2013/14. This is £0.023m higher than the £0.5m incorporated in the Medium Term Financial Plan for the additional cost of non-payment associated with the Council Tax Reduction Scheme.

Parish Funding: The proposed Parish funding for council tax support will cost £0.118m in 2013/14. This is £0.047m lower than the amount currently assumed in the Medium Term Financial Plan.

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	The Rules for the calculation of Council Tax Base are contained within the Local Authorities [Calculation of Council Tax Base][England] Regulations 1992 as amended	
Human Resources	None	
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

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Impact on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD2092/13) and Head of Corporate Legal Services (LD1408/13) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

None

Implementation Date for the Decision

Immediately following the Cabinet meeting.

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Background Papers:

None

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1. Introduction

- 1.1 This report seeks approval of the Council Tax Base for the Authority as well as approval of the National Non-Domestic Rates Return 1 (NNDR1) for 2013/14. The key issues relating to the completion of the NNDR1 are set out in Annex A of this report and a copy of the NNDR1 return is provided in Annex B. The main body of this report concentrates on the calculation of the Council's Tax Base.
- 1.2 The Council Tax Base is the link between the Council's budget and the level of Council Tax. The tax base will be used to calculate the Council Tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate the various Council Tax Bases and have them approved by Cabinet by the 31 January 2013.
- 1.3 The calculation of the Council Tax Base takes into account many factors such as the rate of new building and the trends in people living on their own. (Sole Occupier Discount).
- 1.4 The tax base calculation assumes a collection rate of 96.5%, which reflects that fact that collection is proving challenging in the current economic climate and is likely to deteriorate as a result of the Government's decision to end council tax benefit from 1st April 2013.

2. Council Tax Base 2013-14

- 2.1 The new tax base for 2013/14 is 76,516.20 Band D equivalent dwellings for Sefton, a significant reduction in comparison with the tax base for 2012-13 that was 93,119.58. A comparison between the 2012/13 and 2013/14 tax base is provided in the table below:

Change in Tax Base	Band D Equivalents		
	2012/13	2013/14	Variation
Dwellings on the Banding List	108,343.6	108,809.2	465.6
Exemptions / Discounts etc			
Exempt Dwellings	-3,570.8	-2,600.9	969.9
Dwellings subject to DPR	-144.6	-143.7	0.9
Second Homes Discount	-36.5	0	36.5
Dwellings Subject to 25% Discount	-9,470.8	-9,578.9	-108.1
Dwellings Subject to 50% Discount	-212.9	-907.7	-694.8
Net Additions / Deletions	104.8	51.7	-53.1
MOD Properties	7.0	7.0	0.0
Empty Homes Premium	0	308.6	308.6
Council Tax Support Scheme	0	-16,654.3	-16,654.3
Losses in Collection			
Collection Rate Adjustment	-1,900.3	-2,774.9	-874.6
Tax Base for Year	93,119.6	76,516.2	-16,603.4

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2.2 The main reasons for the change in the tax base are:

Dwellings on the banding List: The increase is mainly due to the refurbishment of the tower blocks and ongoing developments in the Housing Market Renewal area.

Exempt Dwellings / Dwellings Subject to 50% Discount: A number of exemptions relating to short-term empty properties have been replaced with discounts in 2013/14.

Net Additions / Deletions: A number of properties in the Housing Market Renewal area in the possession of Adactus Housing Association are expected to be removed from the Banding List before 1st April 2013.

Empty Homes Premium: A new 50% premium is to be charged on homes that have been empty for more than 2 years from 1 April 2013.

Council Tax Reduction Scheme: Council tax benefit has been replaced with local council tax support schemes from 1 April 2013. The funding for the scheme is now recorded in the General Fund rather than the Collection Fund. This change has led to a significant reduction in the tax base in 2013/14.

Losses in Collection: The assumed collection rate has been reduced from 98% to 96.5% in 2013/14 to take account of a potential increase in non-payment as a result of the ending of council tax benefit.

3. Parish Areas

3.1 There are also new tax base figures for parish areas, the details of which are set out in the recommendation.

3.2 The tax base in Parish Areas has reduced in 2013/14 primarily as a result of the introduction of the local council tax support scheme. The Government have built £165,303 into Sefton's start-up funding baseline for 2013/14 to provide Parish Areas with compensation for the loss of council tax income as a result of this change. How much, if any, of this funding is to be passed on to Parish Council's has been left to Council's to decide in discussion with the parishes.

The Government made the following comments on the funding for parish councils in their response to the consultation on council tax base and funding for local precepting authorities:

Certainty of Funding for Parish and Town Councils

B8. As there is not a mechanism for providing funding through the business rates retention system directly to parish and town councils the Government is providing the funding attributable to them to the billing authority. To enable this funding to reduce the local precepting authority's council tax requirement, and so potentially offset some or all of the costs of offering support, the billing authority will need to pass funding down to the local precepting authority.

B9. To support considerations over funding, the Government has published provisional funding allocations, setting out how much funding might be attributable to the local precepting authorities, based on its share of council tax in the billing authority area.

B10. This figure is intended as a starting point: Precisely how much funding should be passed down will depend on a number of factors, including the design of the scheme and the number of claimants in the local precepting authority area.

B11. In line with the localism agenda there will not be a legislative duty to pass down funding. Billing and local precepting authorities should be able to come to agreement on arrangements for passing down the funding attributable to the local precepting authority, reflecting the factors outlined above, and other relevant local circumstances. The total amount of funding allocated to local authorities is 90% of forecast subsidised council tax benefit expenditure for 2013/14.

- 3.3 The simplest and most straightforward way to ensure that parishes are protected from the impact of the council tax reforms is to provide them with an amount that compensates them for the reduction in council tax income. The following table shows the loss of council tax income in each parish area assuming they froze their Band D charge in 2013/14:

Parish	£
Aintree Village	12,972
Formby	3,070
Hightown	246
Ince Blundell	311
Little Altcar	226
Lydiate	19,959
Maghull	77,638
Melling	2,470
Sefton	721
Thornton	505
	118,118

Paying each parish council the amount shown in the table above would allow them to set their budgets at the same level as 2012/13 without increasing their band D charge, even after allowing for other changes in their tax base.

The total estimated cost of £118,118 is lower than the amount of Government funding of £165,303. This is because the Government have assumed that the incidence of council tax benefit payments is the same across all areas of the borough. In reality the number and value of claims is higher in those areas which do not have a parish council. As a result the Government has overestimated the proportion of the total funding that is attributable to the parish areas and underestimated the funding attributable to those areas without a parish council.

Cabinet is recommended to approve payment of the amount shown for each parish area to compensate them for the cost of the council tax reduction scheme.

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APPROVAL OF THE NATIONAL NON-DOMESTIC RATES RETURN 1 FOR 2013/14

1. Introduction

- 1.1 The Council is required to provide an annual forecast of the net business rates it expects to collect in the year. The forecast is provided in the National Non-Domestic Rates Return 1 (NNDR1). In previous years this return has been agreed and signed off by officers of the Council, however, for 2013/14 and subsequent years the return needs to be approved by members.
- 1.2 The NNDR1 form has to be completed in accordance with a set of guidance notes issued by the Department for Communities and Local Government (DCLG). Some parts of the form are pre-populated using information provided by the Valuation Office Agency (VOA), other parts are based on figures extracted from the Authority's business rates data base (Northgate), and others are completed based on officers best estimates based on past experience or other available data.
- 1.3 From 1 April 2013 local authorities will retain a share of the business rates they collect. Sefton's share is 49% of the Net Rate Yield excluding transitional arrangements but after rate retention adjustments shown on line 36 of the return. The remaining business rates will be paid to the Government (50%) and to Merseyside Fire Service (1%).
- 1.4 The completed return now forms part of the Council's budget setting process in a similar way to the setting of its Council Tax Base. The local share of forecast business rates will be built into the budget and medium term financial plan from 2013/14.
- 1.5 This Annex sets out the sources of the data used as well as the basis of any estimates or assumptions used to complete the NNDR1 return.

2. Completing the NNDR1 Form

- 2.1 A copy of the completed NNDR1 return is attached as Annex B to this report. The following table summarises the key information contained in the return.

Line	Description	Value
1.	Number of hereditaments at 30 September 2012	7,536
2.	Aggregate rateable value at 30 September 2012	£180,255,141
3.	Gross Rate Yield	£83,277,875
12.	Mandatory Reliefs (lines 4 to 12)	-£11,581,088
19	Discretionary reliefs (lines 13 to 18)	-£283,223
20.	Gross Rate Yield after reliefs	£71,413,564
21.	Estimate of losses in collection	-£1,142,617
22.	Allowance for Cost of Collection	-£322,252
34.	Estimate of change in receipts as a result of change in rateable value between 1 October 2012 and 30 September 2013.	-£832,779
35.	Estimate of adjustment due to appeals	-£3,570,678
36	Net Rate Yield before transitional arrangements	£65,545,238
39.	Net cost of transitional arrangements	£687,448
40.	Net Rate Yield after transitional arrangements	£66,232,686

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- 2.2 The majority of the information provided in the NNDR1 return is based on data extracted from the Council's business rates data base (Northgate). This includes the level of mandatory relief (lines 4 to 11), discretionary relief (lines 13 to 18) and transitional relief (lines 37 and 38). Other lines in the form have been populated with data provided by the Valuation Office Agency (lines 2, 3 and 4) or by the DCLG (line 22). The authority does not have an enterprise zone in its area or new development deal, so no amounts have been recorded in lines 24 to 30. The authority is not expecting to benefit from renewable energy deals in 2013/14 so no estimate has been included in line 31.
- 2.3 In order to complete the return the Authority is also required to provide estimates in respect of 'losses in collection' (line 21), 'change in rateable value between 1 October 2012 and 30 September 2013' (line 33, and 'adjustment due to appeals' (line 35). These estimates have been prepared on the following basis:

Estimated losses in collection (line 21): Estimated at -1.6% of the gross rate yield after reliefs recorded in line 20. The estimate is approximately equal to the average level of write-offs in 2010/11 (£1.264m) and 2011/12 (£1.057m). This is marginally higher than the -1.4% estimate previously used by the DCLG in the 2012/13 NNDR1 return.

Estimated change in rateable value between 1 October 2012 and 30 September 2013 (line 33): Estimated at -1.0% of the aggregate rateable value recorded in line 3. This estimate is approximately equal to the average percentage change in rateable value recorded over the last two years as shown in the table below:

NNDR1	Gross Rateable Value	Change in Rateable Value	Percentage Change
2011/12	184,149,916	n/a	n/a
2012/13	182,445,331	-1,704,585	-0.93%
2013/14	180,255,141	-2,190,190	-1.20%

Estimated adjustment due to appeals (line 35): Estimated at -5.0% of the gross rate yield after reliefs recorded in line 20. This is marginally lower than the -5.3% adjustment previously used by the DCLG in the 2012/13 NNDR1 return. The 2013/14 estimate is approximately equal to the average level of appeals payments recorded in NNDR3 return in the past three years uplifted for changes in the small business rates multiplier as shown in the following table:

NNDR3	Gross Rates Payable (ii) Net Amount in Respect of Previous Years	Uplifted for changes in the Small Business Rates Multiplier
2009/10	-£5,250,200	-£5,866,700
2010/11	-£2,961,799	-£3,356,600
2011/12	-£1,306,624	-£1,415,700
Average		-£3,546,300

3. Financial Implications.

- 3.1 From 1 April 2013, Sefton will retain 49% of the net rate yield (excluding transitional arrangements) as shown on line 36 of the NNDR1. The amount of forecast business rates to be retained in 2013/14 is £32,117,167.
- 3.2 As part of the Local Government Finance Settlement the Government has calculated Sefton's business rates baseline at £33,378,261 for 2013/14. This is the amount the Government expects the Council to be able to retain as its share of business rates in the year. The NNDR1 return forecasts the Council's actual share of business rates at £32,167,117, leaving a shortfall of £1,261,094.
- 3.3 The forecast short-fall includes the additional cost of extending the small business rates relief scheme in 2013/14 as announced in the Chancellors Autumn Statement on 5 December 2012. The forecast additional cost included in Sefton's share is £1,171,335. This cost is expected to be funded outside of the rates retention scheme via a Section 31 Grant.
- 3.4 The revised net budget short-fall in retained business rates is therefore £89,759.

4. New Risks

- 4.1 The business rates retention scheme introduces a significant level of additional risk into the Council's finances. Business rates income can be volatile and has proved difficult to forecast accurately in previous years. From April 2013 the Council will be exposed to variations in business rates income which are anticipated to come from changes in the level of mandatory reliefs, losses through non-collection, fluctuations in rateable values, and the timing and value of appeals. Each of these areas is discussed below:
- 4.2 **Mandatory Reliefs:** The criteria for granting mandatory relief is determined by Central Government and set down in regulation. The Council has no control or influence over the level of relief granted. The level of charitable relief has increased significantly since 2010/11. Future increases in mandatory reliefs will reduce the level of income retained by the Council.
- 4.3 **Non-collection:** The level of business rates arrears increased from £2.109m in March 2008 to £6.777m in March 2012. The difficult economic climate has contributed to the increase in arrears, resulting in a requirement to make a larger provision for non-payment and an increase in the level of write-offs. Future increases in arrears and write-offs will reduce the level of income retained by the Council.
- 4.4 **Rateable Value:** The gross rateable value of businesses in Sefton reduced by £2.190m (-1.2%) from £182.445m on 31 December 2011 to £180.255m on 30 September 2012. If this level of change was to continue in future years, Sefton's retained business rates would decline by approximately £0.490m per annum.
- 4.5 **Appeals:** The Valuation Office Agency (VOA) has provided details of the number of appeals outstanding at the end of October 2012, which can be summarised as follows:

Rating List:	Number of Outstanding Appeals	Rateable Value of Properties
2005	74	£7.253m
2010	561	£48.787m

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The information provided by VOA does not include any indication of how many of the outstanding appeals might be successful, the value of any potential refund that might be due or the timing of these payments. The NNDR1 return includes a provision for appeals of £3.571m for 2013/14. The actual value of payments due to appeals could potentially be much higher.

5. Conclusion

- 5.1 The NNDR1 form attached has been completed in line with the relevant guidance notes and represents our best estimate of the business rates yield for 2013/14.
- 5.2 The completed return has to be approved by 31 January 2013.

6. Recommendations

- 6.1 Cabinet is recommended to approve the National Non-Domestic Rates Return 1 2013/14 for submission to the Government.



**Department for
Communities and
Local Government**

ANNEX B

NATIONAL NON-DOMESTIC RATES RETURN 1 NNDR1 2013-14

Please e-mail to : nndr.statistics@communities.gsi.gov.uk

Please enter your details after checking that you have selected the correct authority name.

Please check the figures shown in the cells with a blue border and enter your own figures if you disagree with those suggested.

**A provisional version of the form should be returned to the Department for Communities and Local Government by
Monday 7 January 2013**

The final version of this form, including a signed copy, must also be sent to the Department for Communities and Local Government by
Thursday 31 January 2013

Select your local authority's name from this list:

Swadsmoor
Sefton
Selby
Sevensalls
Sheffield
Sheppway

Check that this is your authority :

Check that this is your E Code :

Local authority contact name :

Telephone number of local authority contact :

Fax number for local authority contact :

E-mail address of local authority contact :

Sefton
E4304
Mrs Christine Finnigan
0151 934 4161
Christine.Finnigan@sefton.gov.uk

Ver 1.3

1. Number of hereditaments on the rating list on 30 September 2012	7,536	
	£	
2. Aggregate rateable value on the rating list on 30 September 2012	180,255,141	
GROSS CALCULATED RATE YIELD		£
3. Enter line 2 x small business non-domestic rating multiplier (0.462)		83,277,875.14
MANDATORY RELIEFS		
Small business rate relief		
	£	
4. Additional yield generated to finance the small business rate relief scheme	1,365,625.94	
5. Cost of small business rate relief for properties within billing authority area	4,780,960.90	
6. Net cost of the small business rate relief (Line 5 minus Line 4)	3,415,334.96	
7. Cost of relief to charities	4,253,836.62	
8. Cost of relief to Community Amateur Sports Clubs	32,528.03	
9. Cost of relief for rural general stores, post offices, public houses, petrol filling stations and food shops	1,687.50	
10. Cost of relief for partly occupied premises	0.00	
11. Cost of relief for empty premises	3,877,700.76	
12. Total mandatory reliefs (Sum of lines 6 to 11)		11,581,087.87
DISCRETIONARY RELIEFS		
13. Cost of relief to charities	228,386.75	
14. Cost of relief to non-profit making bodies	54,836.70	
15. Cost of relief to Community Amateur Sports Clubs	0.00	
16. Cost of relief for rural general stores, post offices, public houses, petrol filling stations and food shops	0.00	
17. Cost of relief to other rural businesses	0.00	
18. Other Section 47 reliefs (Localism Act discounts)	0.00	
19. Total discretionary reliefs (Sum of lines 13 to 18)		283,223.45
20. Gross Rate Yield after reliefs (Line 3 minus lines 12 & 19)		71,413,563.82
21. Estimate of 'losses in collection'		1,142,617.02
22. Allowance for Cost of Collection		322,251.80
23. Special Authority Deductions - City of London Offset		0.00

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NATIONAL NON-DOMESTIC RATES RETURN 1 2013-14		Sefton
Ver.1.3		
Section 2		
Enterprise Zones		
24. Estimated level of discount to be awarded in 2013-14		£ 0.00
25. Estimated value of non-domestic rates in the Enterprise Zone area in 2013-14	0.00	
26. Enterprise Zone baseline	0.00	
27. Total estimated value of business rates to be retained in 2013-14 (Line 25 minus line 26)		0.00
New Development Deals		
28. Estimated value of non-domestic rates in the New Development Deals area in 2013-14	0.00	
29. New Development Deals baseline	0.00	
30. Total estimated value of business rates to be retained in 2013-14 (Line 28 minus line 29)		0.00
Renewable Energy Schemes		
31. Total estimated value of business rates to be retained in 2013-14		0.00
32. Net Rate Yield excluding transitional arrangements and rate retention (Line 20 minus the sum of lines 21 to 23, 27, 30 & 31)		69,948,695.00
Rate retention adjustments		
33. Estimate of the change in rateable value between 1 October 2012 and 30 September 2013		-1,802,551.00
34. Estimate of the change in receipts as a result in the change in rateable value (line 33 times the multiplier)		-832,778.56
This equates to a percentage change of	%	-1.00
35. Local authority's estimate of adjustment due to appeals		3,570,678.19
36. Net Rate Yield excluding transitional arrangements but after rate retention adjustments (Line 32 plus lines 34 and minus line 35)		65,545,238.00
Section 3		
Transitional arrangements		
37. Addition revenue received because reduction in rates have been deferred	787,865	
38. Revenue foregone because increase in rates have been deferred	100,417	
39. Net cost of transitional arrangements (Line 38 minus line 37)		-687,447.69
40. Net Rate Yield after transitional arrangements and rate retention (Line 36 minus line 39)		66,232,686.00

NNDR Summary for : Sefton		£
These figures show the percentage shares of the NNDR you estimate your authority will collect in 2013-14. They are based on line 36. See the <i>Tier Split</i> tab for full information		
Amount of NNDR to be paid to central government		32,772,619.00
Amount to be retained by Sefton under the rates retention scheme		32,117,167.00
Amount to be passed to Merseyside Fire		655,452.00

Certificate of Chief Financial Officer

I certify that the entries in lines 3, 12, 19, 20, 36, 39 and 40 of this form are the best I can make on the information available to me and that the figures given in lines 1 and 2 used in the calculating the amount shown in lines 36 and 40 are, to the best of my knowledge and belief those shown in the rating list for my authority as at 30 September 2012, subject to any order made before 15 January 2013 under the Local Government Act 1972 implementing boundary changes. I also certify that the authority has made proper arrangements for securing efficiency and effectiveness in relation to the collection of non-domestic rates. I also certify to the best of my knowledge and belief that any amount included as legal costs in line 22 and discretionary relief in line 24 meet the conditions set out in the Non-Domestic Rating (Rates Retention) Regulations 2013.

Chief Financial Officer :

Date :

Ver.1.3