

## **NNDR1 VALIDATION CHECKS 2008-09**

### **Please read this note before submitting your NNDR1**

1. The National Non-Domestic Rates Provisional Contributions Return for 2008-09 is designed to report your authority's provisional calculation of the amount of its non-domestic rating contribution for 2008-09. On receipt of your form, we are required by our auditors to carry out a number of checks to satisfy ourselves that the form has been completed correctly. Where the data vary significantly from that provided on your last NNDR3 for 2006-07 or NNDR1 (or NNDR2 where applicable) for 2007-08, we seek an explanation for the variance. The Department will **always** contact the named local authority contact to resolve an error or seek an explanation for all entries that fail our validation checks.

2. It would be helpful if officers completing the form ensured that the information is checked against the following notes and, where necessary, provide an explanation for data that has failed our validation checks when the form is submitted to us.

### **NNDR1 Form**

3. Please note that the majority of validation checks and all calculations have been built into the NNDR1 form. The form provides space on the validation sheet for local authorities to comment on any data that has failed the validation checks. Details of the checks that are incorporated in the NNDR1 form are set out below. Please note that, while we have tried to incorporate most of the checks into the validation sheet, we may need to contact local authorities for additional information following the validation on our database.

### **GENERAL CHECKS**

Signature

4. In addition to the Excel copy of the NNDR1 form we still require a printed copy of the form (printed using the defined print areas), certified and dated by the Chief Financial Officer (CFO) and forwarded to the Department by **Friday 8 February 2008**. The NNDR1 form is audited by our external auditors and therefore the Department cannot accept any copies of the form that have been altered with correcting fluid. Please reprint the form and get it signed and dated by the CFO.

### **ADDITIONAL VALIDATION CHECKS**

5. A number of changes have been made to the form with the aim of preventing data entries that are invalid and challenging questionable data. Much of this is in the background of the forms and it will have little impact on most data inputting.

6. As the "Title" page of the form states, there are three different coloured input cells in the NNDR1 form:

- White background, black border

- White background, green border
- White background, blue border

### **White background, black border**

7. These cells are blank for new data - **please ensure all of these cells are completed.**

8. When these cells have been completed there will be no error messages or formatting visible if the data appears to be valid. If, however, a value has been entered that is not possible (i.e. negative values for some cells), it will either be prevented or the cell will change to red. If any red cells do appear, please amend any invalid data entry.

9. If a value has been entered that is unlikely the cell will turn yellow and, where possible, a message appears explaining why this has occurred. This is not the same as an error as it is plausible to have a return with yellow cells providing an explanation is given. By clicking on this cell, you will be taken to the appropriate position on the Validation page.

10. Please then enter the reason for differences in the yellow cell on the Validation page. The explanation cell will turn white once you have entered this detail and you can then click on the green cell below that states "Click here to return to form". A message will then appear in the appropriate place on the form itself that states "Explanation has been added".

11. If an explanation appears in the validation page where one is not required, a message 'Please click here to delete explanation' will appear in the cells below. By clicking on this cell you will be taken to the appropriate place in the validation page. By deleting all detail in a plum coloured box it will automatically change to grey. You can then click on the green cell below that states "Click here to return to form".

### **White background, green border**

12. These cells are all calculations with appropriate formulae and cannot be overwritten as they are locked. However, please check that you are happy with the calculations and make appropriate changes to any cells that feed into the calculations where necessary. Please contact us if you feel that one of these cells is returning an incorrect value.

### **White background, blue border**

13. This is known data entered by Communities and Local Government. Please check that you are content with the values - there should be no need to change any of this data.

14. The cells can be overwritten if you wish to change an entry, however, please ensure that you following any instructions that appear and give the reason for change in the Validation sheet.

## General

15. Other validations have also been added to other parts of the form such as in the NNDR1 Supplementary form. These validations have essentially been incorporated to prevent invalid or implausible values. If one of these occurs a message will appear explaining the reason questioning the data entry. Please follow any instructions to ensure the correct data entry.

## Arithmetic Calculations

16. Before returning the form, please ensure that all arithmetic calculations are correct and that data are specified to the correct number of decimal places. Where possible, the form should be completed to the nearest penny.

17. On the form, all cells are to two decimal places except for the Provisional Contribution to the Pool figure (line 23) which is rounded to the nearest pound. This is because the Contribution to the Pool is paid to the nearest pound.

## Rounding

18. When rounding to the nearest penny, please use normal rounding conventions (i.e. 0.251 should be rounded to 0.25 or 0.245 rounded to 0.25).

**Communities and Local Government are not allowed to amend NNDR1 forms so please check that all calculations and rounding conventions used are correct before submitting the form.**

The following calculations are included in the NNDR1.

## Allowances for Losses in Collection (line 21)

19. Net Rate Yield (line 20) x losses proportion rounded to the nearest penny. Paragraph 34 of the *NNDR1 Guidance Notes 2008-09* gives the losses proportion for your own local authority. For example, if you are an outer London borough, your percentage allowance will be 1.2%. This figure should be inserted on the form in the place provided.

## Cost of Collection (line 22)

20. The allowance for the cost of collection is a set calculation and a full explanation can be found in the guidance notes paragraphs 35 to 37. The calculation **must** be based on the rating list as at **31 December 2007** and should be checked carefully before submitting the form. The calculation is as follows:

$$\frac{\text{hereds} \times \text{ACF} \times \text{£}63,540,560}{1,773,304} + \frac{\text{RV} \times \text{ACF} \times \text{£}20,065,440}{50,459,096,692} + \text{legal costs}$$

*Annex B* to the *NNDR1 Guidance Notes 2008-09* lists all local authorities with their area cost factor (ACF). For example, Windsor and Maidenhead's ACF is 1.1274. The cost of collection should be rounded to the nearest penny.

## **SPECIFIC VALIDATION CHECKS**

### **Number of Hereditaments and Rateable Value (lines 1 and 2)**

21. The number of hereditaments (line 1) and aggregate rateable value (line 2) on the Rating List as at **31 December 2007** will be checked against our data from the Valuation Office. No other list should be used. ***However, as we will not have the amendments to the list as at 31 December 2007, we will accept a difference up to 25.*** If there was an error on the list in place on **31 December 2007** and this will affect your provisional contribution to the pool, then we may accept alterations greater than 25 if the form is accompanied by a letter from your Valuation Office explaining the difference.

### **Transitional Relief**

22. The data provided by Her Majesty's Revenue and Customs (*Annex A*) is based on the December 2007 list and so there may be some variation between local authority figures and *Annex A*. In addition, local authorities will wish to be aware that these estimates do not take into account corrections for properties that have moved from the central list to the local list. We ask that local authorities should use their own figures where possible. However, we do carry out the following check on the transitional relief figures.

**We compare the data with that provided by Her Majesty's Revenue & Customs and query changes that are over £25,000 and the percentage change is 10% (either up or down).**

23. If your authority fails this test, we will require an explanation. We will accept figures based on a dummy billing run and would be grateful if you could confirm in a covering letter or on the validation sheet on the form that the figures are based on this. If not, we would like an explanation of the methods used to calculate the figures or any particular circumstances that may have affected your transitional relief figures for 2007-08 or 2008-09.

### **Mandatory Reliefs**

24. We compare the NNDR1 for 2008-09 with the figure provided on the NNDR3 for 2006-07. Further explanation is required if the figure on your NNDR1 for 2008-09 has changed from that on the NNDR3 for 2006-07 by more than the following amounts:

- *Small Business Rate Relief – both yield and relief – 20% (either up or down)*
- *Charity Relief - 20% (either up or down)*

- *Community Amateur Sports Clubs (CASCs)* - 20% (either up or down)
- *Partly occupied* - 30% (either up or down)

**If actual difference amounts to less than £25,000 then no explanation is required.**

- *Rural Shops* - 20 % (either up or down)

**If actual difference amounts to less than £7,500 then no explanation is required.**

- *Empty Properties* - greater than 5% of net yield given in line 20 of the NNDR1

### **Discretionary Reliefs**

**Please check that the discretionary relief given on the NNDR1 is not the full relief but the correct percentage outlined in the *NNDR1 Guidance Notes 2008-09* (paragraphs 27 to 32).**

25. We compare the NNDR1 for 2008-09 with the figure provided on the NNDR3 for 2006-07. Further explanation is required if the difference between the figure on your NNDR1 for 2008-09 and NNDR3 for 2006-07 has changed by more than the following amounts:

- *Charity Relief* - 25% (either up or down)
- *Non-Profit* - 25 % (either up or down)
- *Community Amateur Sports Clubs (CASCs)* - 25% (either up or down)
- *Rural Shops & Post Offices* - 25% (either up or down)
- *Other small rural business* - 25% (either up or down)

**If actual difference amounts to less than £7,500 then no explanation is required.**

### **Provisional Contribution to the Pool**

26. We check the provisional contribution to the pool figure given in line 23 against the estimate on the NNDR1 (or NNDR2 where applicable) for 2007-08. An explanation is required where the contribution to the pool has increased or decreased by 10% or more.

## **Memorandum Box**

27. When comparing the provisional contribution to the pool for 2007-08 with the provisional contribution to the pool figure on the NNDR1 (or NNDR2 where applicable) for 2007-08, we check that a figure has been entered and, where the contribution to the pool has increased or decreased by 20% or more, we ask for an explanation.

Communities and Local Government  
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