

NNDR1 VALIDATION CHECKS 2009-10

Please read this note before submitting your NNDR1

1. The National Non-Domestic Rates Provisional Contributions Return for 2009-10 is designed to report your authority's provisional calculation of the amount of its non-domestic rating contribution for 2009-10. 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 2007-08 or NNDR1 (or NNDR2 where applicable) for 2008-09, 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. This is the first time that some local authorities affected by reorganisation on 1 April 2009 will have completed this form. Those completing the form should follow the guidance below. The data that is pre-filled into the form and is used for validation is calculated by combining the data for all the authorities that have been combined to create a new authority. For further details please look at the Data sheet in the NNDR1 form workbook.
3. 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

4. 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

5. 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 6 February 2009**. 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

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 2009-10* gives the losses proportion for your own local authority. For example, if you are an outer London borough, your percentage allowance will be 1.1%. 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 2008** and should be checked carefully before submitting the form. The calculation is as follows:

$$\frac{\text{hereds} \times \text{ACF} \times \pounds 64,175,920}{1,780,025} + \frac{\text{RV} \times \text{ACF} \times \pounds 20,266,080}{50,245,076,957} + \text{legal costs}$$

Annex B to the *NNDR1 Guidance Notes 2009-10* 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 2008** 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 2008, we will accept a difference up to 25.*** If there was an error on the list in place on **31 December 2008** 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. Previously, to assist in completing the return, *Annex A* to the notes for guidance was supplied showing the Department's estimates of the effects of the transitional arrangements for each authority based on information supplied by Her Majesty's Revenue and Customs. However, as 2009-10 is the final year of the transition cycle, these figures are zero for all authorities so *Annex A* is not supplied. As there should no figures entered into either of the Transitional relief cells we will ask for an explanation where a figure has been entered.

Mandatory Reliefs

23. We compare the NNDR1 for 2009-10 with the figure provided on the NNDR3 for 2007-08. Further explanation is required if the figure on your NNDR1 for 2009-10 has changed from that on the NNDR3 for 2007-08 by more than the following amounts:

- *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

For Small Business Rate Relief, because the supplement has changed from 0.3p in 2007-08 and will be 0.4p in 2009-10, we have added an additional line in Test 5 which validates the total additional yield generated to finance the small business rate relief. The additional line recalculates the 2007-08 as if it had been derived using a supplement of 0.4p. Further explanation is required if the figure on your NNDR1 for

2009-10 has changed from the revised figure for 2007-08 by more than 20% (either up or down)

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 2009-10* (paragraphs 27 to 32).

24. We compare the NNDR1 for 2009-10 with the figure provided on the NNDR3 for 2007-08. Further explanation is required if the difference between the figure on your NNDR1 for 2009-10 and NNDR3 for 2007-08 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

25. We check the provisional contribution to the pool figure given in line 23 against the estimate on the NNDR1 (or NNDR2 where applicable) for 2008-09. An explanation is required where the contribution to the pool has increased or decreased by 10% or more.

Memorandum Box

26. When comparing the provisional contribution to the pool for 2008-09 with the provisional contribution to the pool figure on the NNDR1 (or NNDR2 where applicable) for 2008-09, 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
January 2009