

Guidance Notes for NNDR3 2007-08

Non-Domestic Rating Pool - Outturn Contribution

INTRODUCTION

1. Paragraph 5(6) of Schedule 8 to the Local Government Finance Act 1988 (referred to subsequently as “the Act”) requires each billing authority to calculate, after the end of each financial year, the amount of its non-domestic rating contribution for the year and to notify the Secretary of State of the amount. The authority must then arrange for the calculation and the amount to be certified under arrangements made by the Audit Commission and for the certified form to be sent to the Secretary of State by the Audit Commission.
2. The calculation for 2007-08 is to be made in accordance with the Non-Domestic Rating Contributions (England) Regulations 1992 (SI 1992/3082), “the Regulations”, as amended in respect of the financial year by the Non-Domestic Rating Contributions (England) (Amendment) Regulations 2006 (SI 2006/3187). The rules for the outturn calculation are contained in Schedule 1 to the Regulations. These notes are intended to help authorities in completing the outturn calculation. However, the notes are not a substitute for the Regulations but seek to explain what the Regulations require and what is necessary for the authority to show in its calculation. **Your authority should consult its own legal advisers if it has any doubts as to what is required by the Regulations.**
3. Form NNDR3 is provided for completing the calculation. The form also seeks information that is required by the Secretary of State for the purpose of deciding how to exercise her powers under Schedule 8 to the Act.
4. A copy of the completed form should be sent to Ibrahim Farrah, Communities and Local Government, Zone 5/J6, Eland House, Bressenden Place, London, SW1E 5DU by no later than **Friday 27 June 2008**. Communities and Local Government will then calculate the difference, if any, between the notified amount and the provisional amount (the amount on the authority’s NNDR1 or, if applicable, NNDR2) and make an interim settlement of the outturn account on the basis of the amount, certified by the authority’s Chief Finance Officer, which is notified to the Secretary of State prior to auditor certification.
5. The original form should also be sent to the authority’s auditors for certification. Arrangements should be made with the authority’s auditors to send the auditor-certified form to Communities and Local Government by no later than **Friday 26 September 2008**. Communities and Local Government will then calculate the difference, if any, between the notified amount and the certified amount. Any final settlement will then be made on the basis of the auditor-certified amount in accordance with Schedule 8 and regulation 10 of the Regulations, as appropriate.
6. Calculations for the current year and any prior year adjustments should be carried out by reference to the NNDR multiplier for the relevant year.

Information to be taken into account

7. In making their calculations, authorities must take account of all information received on or before 31 January 2008 [para 6 of Schedule 8 read with regulation 5 of the Contributions Regulations], and must also take account of information received after that date if it is reasonably practicable for them to do so. A later date should only be specified if an authority has taken into account all information received after 31 January 2008. If an authority has taken into account some - but not all - information received after that date, the date of latest information taken into account in completing NNDR3 will be 31 January 2008. The latest date in respect of which information is taken into account must be recorded in Part II of the form (see paragraph 60 below).

PART I: CALCULATION OF CONTRIBUTION TO THE POOL

STAGE 1: THE GROSS AMOUNT

8. Paragraph 2 of Schedule 1 to the Regulations provides for the calculation of the gross amount. As in previous years, authorities will also be required to show how the gross amount relates to the gross rates payable. This information is to be provided in Part II of the form and is covered in more detail in paragraphs 34 to 58 of these notes.

9. The gross amount is to be recorded in **line 1** and will be:

(i) the chargeable amounts payable to the authority for the current year, after taking account of empty and partially occupied property relief, mandatory charitable and Community Amateur Sports Clubs (CASC) relief, mandatory village shop relief, mandatory former agricultural premises relief (NB this relief came to an end in August 2006), mandatory small business rate relief and transitional adjustments; plus

(ii) the chargeable amounts payable to the authority for prior years but not previously taken into account in an outturn calculation; less

(iii) the total of any such amounts which have previously been taken into account in a prior year outturn calculation but which should not have been and which have not been taken into account for the purposes of this item for a preceding year.

Amounts (i) and (ii) above are represented by amount G in the formula in paragraph 2(1) of Schedule 1 to the Regulations. Amount (iii) is represented by amount H in that formula.

STAGE 2: THE NET YIELD

10. Amounts in respect of discretionary reliefs and any charges secured on property need to be deducted from the gross amount to arrive at the net yield. Each deduction will represent the net amount taking account of any prior year adjustments. For instance, they will include the total of the relevant percentages of amounts of each of the reliefs granted in respect of each day in the year of account, and in any day in a preceding year not previously taken into account in an outturn calculation, less the total of any such amounts taken into account in a previous outturn calculation, which, with hindsight, should not have been taken into account. For example:

Suppose a property would have a full rate bill of £10,000 for a year (year 1) but receives 60 per cent discretionary relief under section 47(2)(c). In the outturn calculation for year 1, the authority would score £10,000 as part of amount G of the gross amount. Of the £6,000 relief granted, 75 per cent (£4,500) would be allowed as a deduction against the pool and entered in line 3. The contribution to the pool for that

property would therefore be £10,000 (line 1) less £4,500 (line 3) = £5,500.

Suppose that, in year 2, a rating list alteration changed the liability for year 1 retrospectively so that the full rates bill for the property for that year was now £8,000. Suppose also that the 60 per cent discretionary relief continues. This means that £2,000 had been taken into account in the gross amount for the previous year which, it now transpires, ought not to have been. So in the year 2 outturn, £2,000 would be included as a prior year adjustment to reduce the gross amount (as part of amount H). However, the change in liability will also reduce the amount of relief from £6,000 to £4,800. 75 per cent of this is £3,600, ie £900 less than before. The authority will therefore need to score £900 as a prior year adjustment which will reduce the deduction for section 47(2)(c) reliefs. The pool contribution for year 2 will therefore be reduced by £2,000 - £900 = £1,100. The net effect of the calculation will therefore be to reduce the overall contribution to the pool from £5,500 to £4,400.

DISCRETIONARY RELIEF

Charitable occupation

11. Sections 47(1) and 47(2)(a) of the Act enable billing authorities to "top-up" the mandatory relief given to charities under sections 43(5) and 45(5) to bring the total relief to any amount up to 100 per cent. Paragraph 3(1)(a) of Schedule 1 to the Regulations provides that 25 per cent of the amount of any such "top-up" relief granted by the authority may be offset against the authority's contribution to the pool.

12. Enter in **line 2** the amount which is:

(i) 25 per cent of the amounts of any "top-up" relief granted to charities in respect of days in 2007-08; plus

(ii) 25 per cent of any "top-up" relief granted to charities in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been deducted from the gross amount for a preceding year.

Non-profit making bodies

13. Sections 47(1) and 47(2)(b) and (c) of the Act enable billing authorities to grant relief up to 100 per cent to certain other non-profit making bodies. Paragraph 3(1)(b) of Schedule 1 to the Regulations provides that 75 per cent of the amount of any such relief granted by the authority may be offset against an authority's

contribution to the pool. However, any relief purported to have been granted for local education authority county (community) schools may not be offset against the pool (since the local education authorities are the rateable occupiers).

14. Enter in **line 3** the amount which is:

(i) 75 per cent of the amounts of relief granted to non-profit making bodies in respect of days in 2007-08; plus

(ii) 75 per cent of the amounts of relief granted to non-profit making bodies in respect of days in a preceding year which have not been taken into account in an outturn calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been taken into account for the purposes of this item for a preceding year.

Community Amateur Sports Clubs (CASC)

15. Sections 47(1) and 47(2)(ba) of the Act enable billing authorities to "top-up" the mandatory relief given to CASCs under sections 43(5) and 45(5) to bring the total relief to any amount up to 100 per cent. Paragraph 3(1)(a) of Schedule 1 to the Regulations provides that 25 per cent of the amount of any such "top-up" relief granted by the authority may be offset against the authority's contribution to the pool.

16. Enter in **line 4** the amount which is:

(i) 25 per cent of the amounts of any "top-up" relief granted to CASCs in respect of days in 2007-08; plus

(ii) 25 per cent of any "top-up" relief granted to CASCs in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been deducted from the gross amount for a preceding year .

Rural rate relief (including relief for rural general stores, post offices, public houses, petrol filling stations and food shops)

17. Sections 47(1) and 47(3A) of the Act enable billing authorities to "top-up" the mandatory relief given to food shops and sole rural general stores, post offices, public houses, petrol filling stations under section 43(6A) and (6B) of the Act to bring the total relief to any amount up to 100 per cent. Paragraph 3(1)(b) of Schedule 1 to

the Regulations provides that 75 per cent of the amount of any such additional relief granted by the authority may be offset against the authority's contribution to the pool.

18. Enter in **line 5** the amount which is:

(i) 75 per cent of the amounts of "top-up" relief granted to the sole village general store or post office etc in respect of days in 2007-08; plus

(ii) 75 per cent of the amounts of "top-up" relief granted to the sole village general store or post office etc in respect of days in a preceding year which have not been taken into account in an outturn calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been taken into account for the purposes of this item for a preceding year.

Other small rural businesses

19. Sections 47(1), 47(3A) and 47(3B) of the Act enable billing authorities to grant relief up to 100 per cent to certain other rural businesses. Paragraph 3(1)(b) of Schedule 1 to the Regulations provides that 75 per cent of the amount of any such relief granted by the authority may be offset against an authority's contribution to the pool.

20. Enter in **line 6** the amount which is:

(i) 75 per cent of the amounts of relief granted to qualifying other rural businesses in respect of days in 2007-08; plus

(ii) 75 per cent of the amounts of relief granted to qualifying other rural businesses in respect of days in a preceding year which have not been taken into account in an out turn calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been taken into account for the purposes of this item for a preceding year.

Hardship

21. Section 49 of the Act enables billing authorities to reduce liability or remit payment in respect of non-domestic rates on the grounds of hardship. Paragraph 3(1)(c) of Schedule 1 to the Regulations provides that 75 per cent of the amount of any relief granted may be offset against an authority's contribution to the pool.

22. Enter in **line 7** the amount which is the total of:

(i) 75 per cent of the amounts of hardship relief granted in respect of days in 2007-08; plus

(ii) 75 per cent of the amounts of hardship relief granted in respect of days in a preceding year, which have not been taken into account in a calculation for a preceding year; less

(iii) the total of any such amounts, in respect of days in a preceding year, taken into account in a calculation for a preceding year but which, on the basis of information now available, should not have been and which have not been taken into account for the purposes of this item for a preceding year.

Charges on property

23. Paragraph 5 of Schedule 1 to the Regulations enables deductions to be made from the pool contribution in respect of amounts for which recovery has been deferred by an agreement under regulation 5 of the Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment and Miscellaneous Provision) Regulations 1991 (SI 1991 No. 141).

24. The amount to be entered in **line 8** is to be found by using the formula (O-P)-(Q+R-S) where:

O = 75 per cent of amounts in respect of which recovery has been deferred by an agreement, either in 2007-08 or in a preceding year, which have not previously been taken into account as deferred amounts;

P = amounts taken into account (under item O or its equivalent under the previous rules) in respect of days in a preceding year and which, on the basis of information now available, should not have been taken into account, and which have not been taken into account for the purposes of this item for a preceding year;

Q = 75 per cent of amounts taken into account as deferred amounts in a previous year's outturn which have since been paid, or for which the terms of the agreement have expired;

R = 75 per cent of any interest payable as a result of an agreement taken into account in a previous year's outturn and which have since been paid or for which the term of agreement has expired;

S = the total of any amounts taken into account as amounts described under Q or R (or the equivalent under the previous rules) in a preceding year's outturn but which, on the basis of information now available, should not have

been taken into account and which have not been taken into account for the purposes of this item for a preceding year.

The additions in respect of Q and R where the term of agreement has expired must be made in the year in which the amount becomes payable even if, for whatever reason, the amount is not actually paid until a later year. (If the amount at Q is paid before the agreement expires, an amount under R will need to be added in the year payment is made).

N.B. If more amounts become payable in a year following the expiry of old agreements than are deferred under new agreements, the formula could give a negative figure. This will represent an addition to the gross amount rather than a deduction.

NET YIELD

25. Enter in line 9 the amount found by subtracting from the gross amount (line 1) the amounts for discretionary reliefs (lines 2 to 8).

STAGE 3: DEDUCTIONS FROM THE NET YIELD

COSTS OF COLLECTION

26. Paragraph 4 of Schedule 1 to the Regulations provides for an allowance for the costs of collection to be offset against the authority's contribution to the pool. The amount of the allowance should be the same as for the provisional (NNDR1) calculation for 2007-08. (Authorities whose boundaries changed on 1 April 2006 should check that the numbers of hereditaments and the rateable values they used in their provisional calculations were those indicated below - if not the calculations will have to be re-done.) Enter the amount in line 10.

27. **Reminder:** under the provisional calculation, the authority's allowance in respect of collection costs for 2007-08 is found by applying the formula:

$$\frac{\text{hereds} \times \text{ACF} \times \text{£63,540,560}}{1,764,398} + \frac{\text{RV} \times \text{ACF} \times \text{£20,065,440}}{51,110,240,628} + \text{legal costs}$$

where -

hereds is the number of hereditaments shown in the local non-domestic rating list for the authority's area as at 31 December 2006 (as entered in **line 1**)

ACF is the area cost factor for the authority shown in Part II of Schedule 1 to the Regulations. For 2007-08 these are listed in Annex A to these notes.

£63,540,560 is 76 per cent of the total allowance for England for 2007-08 of £83,606,000;

1,764,398 is the total of hereds x ACF for all authorities in England;

RV is the aggregate rateable value in the local non-domestic rating list for the authority's area as at 31 December 2006 (as entered in **line 2** of Part II);

£20,065,440 is 24 per cent of the total allowance for England for 2007-08 of £83,606,000;

£51,110,240,628 is the total of RV x ACF for all authorities in England.

legal costs are those costs referred to in paragraph 4(5) of Schedule 1 to the Regulations (inserted by SI 1994 No 3139). Paragraph 4(5) sets out various conditions that need to be satisfied, including the requirement for the billing authority to notify the Secretary of State before 15 November 2006 of the outcome of the proceedings in question and of the amount of the costs.

LOSSES IN COLLECTION

28. Paragraph 6 of Schedule 1 to the Regulations enables amounts in respect of losses in collection to be deducted from the gross amount, provided they have not been taken into account in a calculation for a preceding year. Under paragraph 1(2) of Schedule 1 to the Regulations, the deduction can be allowed only if the authority has made proper arrangements for securing economy, efficiency and effectiveness in relation to the collection of non-domestic rates.

29. The intention here is to record only the net movement in the authority's bad debt provision for the year plus actual write-offs in the year. Therefore enter in **line 11** the amount which is:

(i) amounts of rates payable and certain interest charges (see paragraph 30) which are doubtful debts for which provision should be made; **plus**

(ii) amounts of rates payable and certain interest charges (see paragraph 31) which should be written off for the year; **less**

(iii) amounts of rates payable and certain interest charges which have already been written off, or for which provision has already been made; **and less**

(iv) the total of any such amounts which have previously been written off as bad debts, or for which provision was made as doubtful debts, which should not have been so written off or for which such provision should not have been so made, and for which this adjustment has not previously been made.

30. If the authority has entered into any agreements under paragraph 1 and 4A of Schedule 9 to the Act to defer recovery of a rate debt and has charged interest on the debt but the interest seems irrecoverable, the authority may make an allowance for this against the pool in the same way that it provides for the bad debt itself.

INTEREST

31. Paragraph 7 of Schedule 1 to the Regulations provides that the gross amounts of interest paid by the authority during the year under the Non-Domestic Rating (Payment of Interest) Regulations 1990 (SI 1990 No.1904), as amended, in respect of overpayments refunded as a result of alterations to the local rating list under section 55 of the 1988 Act, should also be deducted from the gross amount

32. Enter in **line 12** the amount in respect of interest which has become payable by the authority in respect of current or previous years and which is to be deducted from the gross amount. This represents the total of:

(i) interest which has become payable by the authority during 2007-08; **plus**

(ii) interest payable by the authority in a preceding year but which has not been taken into account in the outturn calculation for that year; **less**

(iii) interest which has been taken into account in a preceding year but which, on the basis of information now available, should not have been and which has not been taken into account for purposes of this item for a preceding year.

CONTRIBUTION TO THE POOL

33. Enter in **line 13** the amount found by subtracting from the net yield (**line 9**) the allowances for costs of collection (**line 10**), losses in collection (**line 11**), and interest on repayments (**line 12**).

PART II: OTHER INFORMATION

34. As explained above, line 1 of Part I of this form contains the gross amount of rates payable to the authority. Part II of the form requires authorities to show the gross total chargeable amounts on which the gross amount is based and to show the amounts of empty property relief, mandatory charitable and CASC relief, rural rate relief, small business rate relief, former agricultural premises relief and transitional adjustments taken into account in the gross amount. Separate amounts for these items in respect of current and prior years need to be provided. The information is required in this way for the purpose of deciding how the Secretary of State should exercise her powers under Schedule 8 to the Act. Any authorities whose systems preclude them from showing amounts in this way should provide a single amount in respect of both current and prior years and enter this amount in the box provided for the current year.

GROSS RATES PAYABLE

35. The gross rates payable is the theoretical maximum rate yield if property shown in the local non-domestic rating list were occupied and not subject to any reliefs or transitional adjustments. Enter in **line 1(i)** the gross yield in respect of 2007-08, calculated by reference to the total rateable value shown in the list for each day in the year and the small business non-domestic rating multiplier for 2007-08 of 0.441. Enter in **line 1(ii)** the amount which represents:

(i) amounts in respect of the gross rates yield for previous years (calculated by reference to the rateable value in the list for each day in those years and the non-domestic multiplier for those years) which have not been taken into account in the outturn calculation for those years; **less**

(ii) amounts which were taken into account in the gross rates yield in the outturn calculation for previous years but which, on the basis of information now available, should not have been taken into account.

TRANSITIONAL RELIEF

36. The transitional arrangements in the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 (SI 2004/3387), as amended, affect rates income by limiting the amount by which rates bills can increase or decrease.

37. To show the increase in rates yield resulting from full rates reductions being deferred by transition, enter in **line 2(i)** the total amount for the authority in respect of 2007-08, for all hereditaments subject to limits on reductions in rates. The increase is the sum of the difference, for each day of the year, between the full rate bill (the rateable value x the 2007-08 small business non-domestic rating multiplier of 0.441) and the amount of the transitional rate bill for all hereditaments subject to the limit on decreases. No account should be taken of empty property or of any other reliefs. Authorities should also not take into account the contribution to the cost of the small business rate relief scheme paid by those ratepayers that receive transitional relief

but not small business rate relief; this should be reflected in line **4(i)** (see paragraph 42 below).

38. Authorities may need to account for prior year adjustments in respect of earlier years. The relevant Regulations may be the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 (SI 2004/3387) or the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 1999 (SI 1999/3379). If appropriate, enter in **line 2(ii)** an amount which represents:

(i) amounts in respect of any increases in rates yield due to full rate reductions being deferred by the transitional limits for days in a preceding year not taken into account in the outturn calculation for a preceding year; **less**

(ii) any such amounts in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

39. To show the reduction in rates yield resulting from full rate increases being deferred by transition enter in **line 3(i)** the total amount for the authority in respect of 2007-08 for all hereditaments subject to the limit on rate increases. The reduction is the difference, for each day of the year, between the full rate bill (the rateable value x the 2007-08 small business non-domestic rating multiplier of 0.441) and the reduced rates bills of all hereditaments subject to the transitional limit on increases. No account should be taken of empty property or of any other reliefs. Authorities should also not take into account the contribution to the cost of the small business rate relief scheme paid by those ratepayers that receive transitional relief but not small business rate relief; this should be reflected in line **4(i)** (see paragraph 42 below).

40. The Non-Domestic Rating (Chargeable Amounts) (Amendment) (England) Regulations 2006, which came into force on 14 December 2006, amended the definition of “defined hereditament” in the 2004 Chargeable Amounts Regulations, bringing into the transitional relief scheme those hereditaments that had a rateable value of £0 on 31 March and a positive rateable value on 1 April 2005. Billing authorities have been advised to recalculate the rates liability for those hereditaments affected by the amending regulations and to make refunds as appropriate. Those refunds could cover both 2005-06 and 2006-07. The reduction in yield for 2007-08 as a result of the amending regulations should be reflected in **line 3(i)**. The reduction in yield for 2005-06 and 2006-07 should be reflected in **line 3(ii)** (see below).

41. Authorities may need to account for other prior year adjustments in respect of earlier years. The relevant Regulations may be the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 (SI 2004/3387) or the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 1999 (SI 1999/3379). If appropriate, enter in **line 3(ii)** the amount which represents:

i) amounts in respect of any reductions in rates yield due to full rates increases being deferred by the transitional limits for days in a preceding year which have not been taken into account in a calculation for a preceding year; **less**

ii) any such amounts in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

SMALL BUSINESS RATE RELIEF

42. Enter in **line 4(i)** the total additional yield generated to finance the small business rate relief for 2007-08. This is calculated by multiplying the total rateable value of those properties that **do not** qualify for small business rate relief by 0.003, ie the difference between the higher and lower multipliers, $0.444 - 0.441 = 0.003$.

43. Authorities may need to account for prior year adjustments. For 2005-06, the additional yield is calculated by multiplying the total rateable value of those properties that do not qualify for small business rate relief by 0.007, ie the difference between the higher and lower multipliers, $0.422 - 0.415 = 0.007$. For 2006-07, the supplement is also 0.007 ($0.433 - 0.426$). If appropriate, enter in **line 4(ii)** an amount which represents:

(i) additional rates yield generated to finance the small business rate relief for previous years not taken into account in the outturn calculation for a preceding year; **less**

(ii) any such amounts in respect of days in a preceding year which have been taken into account in a calculation for that year but which, on the basis of the information now available, should not have been.

44. Enter in **line 5(i)** the reduction in rate yield for 2007-08 as a result of the application of small business rate relief for properties within the billing authority's area. This is the amount of relief given to qualifying properties under £10,000 rateable value who actually have a reduction applied to their bill based on the application of article 6 of the Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004 (SI 2004/3315), as amended. See sections 43(4A) to (4D) and 44(7) to (9) Act.

45. Authorities may need to account for prior year adjustments. If appropriate, enter in **line 5(ii)** an amount which represents:

(i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for that year; **less**

(ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

OTHER MANDATORY RELIEFS

Charities

46. Section 43(5) of the Act provides for the application of 80 per cent mandatory relief for charities. For charitable hereditaments subject to the transitional arrangements, the liability is 20 per cent of the transitional bill calculated on the assumption that the hereditament is not charitable.

47. Enter in **line 6(i)** the reduction in rate yield as a result of the application of 80 per cent mandatory rate relief for properties occupied by charities in the authority's area in respect of days in 2007-08. Enter in **line 6(ii)** an amount which represents:

i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year;
less

ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

Community Amateur Sports Clubs (CASCs)

48. Section 43(5) of the Act provides for the application of 80 per cent mandatory relief for CASCs. For hereditaments occupied by CACS which are subject to the transitional arrangements, the liability is 20 per cent of the transitional bill calculated on the assumption that the hereditament is not a CASC.

49. Enter in **line 7(i)** the reduction in rate yield as a result of the application of 80 per cent mandatory rate relief for properties occupied by CASCs in the authority's area in respect of days in 2007-08. Enter in **line 7(ii)** an amount which represents:

i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year;
less

ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

Rural rate relief (relief for rural general stores, post offices, public houses, petrol filling stations and food shops)

50. Section 43(6A) and (6B) of the Act provides for the application of 50 per cent relief for qualifying rural general stores, post offices and food shops. The Non-Domestic Rating (Public Houses and Petrol Filling Stations) (England) Order 2001 (SI 2001/1345) ("the 2001 Order") extended rural rate relief to qualifying public houses and petrol filling stations with effect from 5 April 2001. The Licensing Act 2003 (Consequential Amendment) (Non-Domestic Rating) (Public Houses in England)

Order 2007 made consequential amendments to the Non-Domestic Rating (Public Houses and Petrol Filling Stations) (England) Order 2001 to update the definition of a “public house”. This followed the coming into force of the Licensing Act 2003 which introduced new licensing arrangements. For qualifying rural general stores, post offices, public houses, petrol filling stations or food shops subject to the transitional arrangements, the liability is 50 per cent of the transitional bill calculated on the assumption that the hereditament is not a qualifying rural general store, post office, public house, petrol filling station or food shop.

51. Enter in **line 8(i)** the reduction in rate yield as a result of the application of 50 per cent mandatory rate relief for qualifying rural general stores, post offices, public houses, petrol filling stations and food shops in the authority's area in respect of days in 2007-08. Enter in **line 8(ii)** an amount which represents:

(i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year; **less**

(ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

Former agricultural premises

52. Section 43(6A) and (6F) of the Act, as amended by section 1 of the Rating (Former Agricultural Premises and Rural Shops) Act 2001 provides for the application of 50 per cent relief for qualifying former agricultural premises. **NB Authorities should note that the relief ceased to be available with effect from 15 August 2006.**

53. As the relief ceased with effect from 15 August 2006, there will be no reduction in rate yield as a result of the application of 50 per cent mandatory rate relief for qualifying former agricultural premises in the authority's area in respect of days in 2007-08. However, authorities may need to account for prior year adjustments. If appropriate, enter in **line 9(ii)** an amount which represents:

(i) the amounts of any such reductions in respect of days in a preceding year and from which have not been taken into account in a calculation for a preceding year; **less**

(ii) the amounts of any such reductions in respect of days in a preceding year and from 15 August 2001 which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

Partly occupied hereditaments

54. Section 44A of the Act provides that, where part of a property is unoccupied for a short time, a billing authority may ask the valuation officer to apportion the

rateable value of the hereditament between the occupied and unoccupied parts. The chargeable amount is then calculated by applying the multiplier to the reduced rateable value, this being the certified part of the rateable value attributable to the occupied part or, if the hereditament is one in respect of which the owner would be liable to pay empty property rates if it was completely unoccupied, to the sum of the certified apportionment of the rateable value for the occupied part and 50 per cent of the certified apportionment of the rateable value for the unoccupied part. For partly occupied properties subject to the transitional arrangements, the transitional liability is reduced by the same proportion as the full rateable value.

55. Enter in **line 10(i)** the reduction in rate yield as a result of the apportionment of the rateable value of a hereditament between its occupied and unoccupied parts under section 44A of the Act in respect of any period in 2007-08. Enter in **line 10(ii)** an amount which represents:

(i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year;
less

(ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

Empty premises

56. Section 45 of the Act provides that the rate yield for unoccupied property will be 50 per cent of the basic occupied yield, or 10 per cent in the case of charities and CASCs. The entry in **line 11** should take account of the effects of transition. This should include the amount lost as a result of 50 per cent or 10 per cent of the occupied rate being payable under section 45 of the Act, or as a result of no rates being payable by virtue of the Non-Domestic Rating (Unoccupied Property) Regulations 1989 (SI 1989/2261), as amended.

57. Enter in **line 11(i)** the reduction in rate yield as a result of 50 per cent or 10 per cent of the occupied rate being payable under section 45 of the Act, or as a result of no rates being payable by virtue of the Non-Domestic Rating (Unoccupied Property) Regulations 1989 (SI 1989/2261). Enter in **line 11(ii)** an amount which represents:

(i) the amounts of any such reductions in respect of days in a preceding year which have not been taken into account in a calculation for a preceding year;
less

(ii) the amounts of any such reductions in respect of days in a preceding year which have been taken into account in a calculation for a preceding year but which, on the basis of the information now available, should not have been.

GROSS AMOUNT

58. Enter in **line 12** the gross amount. This figure must be calculated as shown at line 12, and must be the same as the figure entered in **line 1** of **Part I**.

ARREARS

59. Enter in **line 13** the amount of the non-domestic rates outstanding as at 31 March 2008. (This is a cumulative figure: not the in-year arrears figure). The amount should be shown gross of credits/prepayments. Doubtful debts or amounts against which a provision for bad debts has been made should be included but amounts written off as bad debts should not be included.

DATE OF LATEST INFORMATION TAKEN INTO ACCOUNT

60. As explained in paragraph 7 above, when completing the NNDR3 authorities must take account of all information received on or before 31 January 2008 and must also take account of information received after that date if it is reasonably practicable for them to do so. A later date should only be specified if an authority has taken into account all information received after 31 January 2008. If an authority has taken into account some - but not all - information received after that date, the date of latest information taken into account in completing NNDR3 will be 31 January 2008. Enter in **line 14** the latest date in respect of which information has been taken into account.

MEMORANDUM BOX

61. A new cell has been added to the form this year. The data required should be the total number of empty hereditaments as at 31 March 2008. If it is not possible to obtain an exact figure from your computer system, please supply your best estimate. Although the remainder of the NNDR3 form is subject to auditor-certification, this cell is exempt and will not be checked.

CERTIFICATION

62. Once the form has been completed, the Chief Financial Officer should certify that the entries in Parts I and II of this form are accurate and have been made in accordance with the Non-Domestic Rating Contributions (England) Regulations 1992 (SI 1992/3082), as amended.

63. A copy of the form should be sent to Ibrahim Farrah, Communities and Local Government, Zone 5/J6, Eland House, Bressenden Place, London, SW1E 5DU, by **Friday 27 June 2008** in order to comply with the requirement to notify the Secretary of State of the amount of the contribution. At the same time the original form should be sent to the authority's auditors for certification. Arrangements must be made for the certified form to be sent to Communities and Local Government by **Friday 26 September 2008**.

64. As explained in paragraph 5 above Communities and Local Government will make an interim settlement of the outturn account on the basis of the amount

certified by the Chief Finance Officer which is notified to the Secretary of State prior to auditor certification. Any final settlement will then be made on the basis of the auditor-certified amount.

Communities and Local Government
April 2008