

Validation Notes for NNDR3 2008-09

Please read this form before submitting NNDR3

The National Non-domestic Rates Final Contributions Return 2008-09 is designed to report your authority's non-domestic rating contribution for 2008-09. On receipt of your form, we carry out a number of checks to satisfy ourselves that the form has been completed correctly, and where the data varies significantly from that provided on the NNDR1 or previous NNDR3 we seek an explanation for the variance.

Electronic NNDR3 Form

To improve the processing of the NNDR3 form the validation checks and all calculations are built into the NNDR3 form. The form provides space on the validation sheet for local authorities to comment on any data that have failed the validation checks. Details of the checks that are incorporated in the NNDR3 form are set out below. Please note that whilst 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

Alterations

The NNDR3 form is an auditor-certified form. This means that, Communities and Local Government cannot accept any return that has been altered with correcting fluid. To alter the form, cross out the incorrect data and replace with the correct figures. The changes will then need to be initialled and dated by the Chief Financial Officer (CFO). **Please check, that any 'crossings out' are initialled by the CFO before submitting your form.**

Signature

Communities and Local Government requires the NNDR3 to be signed and dated by the CFO. Please ensure that the form is signed by the CFO before submitting your form. Please note that we still require an electronic copy of the NNDR3 in addition to the copy signed by the CFO and forwarded to the department at nndr.statistics@communities.gsi.gov.uk .

Arithmetic Calculations

Before returning the forms 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 pence. If the form is completed to the nearest pound, please use normal rounding conventions i.e. £1.50 should be rounded to £2.00 or £1.49 rounded to £1.00. As mentioned above we are not allowed to alter the form, even the smallest changes will need to be amended and signed by the CFO. Would the completing officer therefore please check that the correct rounding conventions are used.

The form contains the following calculations:

Part I (Line 9)

Net Yield

Gross Amount (line 1)	50,432,767.35
<u>Less</u> Discretionary Relief (charitable occupation) (line 2)	8,351.02
<u>Less</u> Discretionary Relief (non profit making bodies) (line 3)	12,259.00
<u>Less</u> Discretionary Relief (CASC occupation) (line 4)	0.00
<u>Less</u> Discretionary Relief (rural shops and offices) (line 5)	0.00
<u>Less</u> Discretionary Relief (other rural businesses) (line 6)	-13,667.03
<u>Less</u> Discretionary Relief (hardship) (line 7)	0.00
<u>Less</u> Discretionary Relief (charges on property) (line 8)	0.00
<u>Equals</u> Net Yield (line 9)	50,425,824.36

Please note that -£13,667.00 in line 6 indicates income. Please do not insert a minus unless it indicates income.

Part I (Line 13)

Contribution to the Pool

Net Yield (line 9), less	50,425,824.36
<u>Less</u> Cost of Collection (line 10)	146,743.65
<u>Less</u> Losses in collection (line 11)	138,641.00
<u>Less</u> Interest (line 12)	339,315.00
<u>Equals</u> Contribution to the Pool (line 13)	49,801,124.71

Part II (Line 12)

Gross Amount

Gross Rates Payable for 2008-09 (line1 (i))	65,467,884.00
<u>Plus</u> Gross Rates Payable for previous years (line 1 (ii))	-6,133,768.00
<u>Plus</u> Increased rate yield (for 08-09) (line 2(i))	59,201.12
<u>Plus</u> Increased rate yield for previous years (line 2(ii))	-1,673,943.00
<u>Less</u> Decreased rate yield (for 08-09) (line 3 (i))	1,293,060.00
<u>Less</u> Decreased rate yield for previous years (line 3(ii))	-944,573.00

Small Business Rate Relief

<u>Plus</u> Total additional yield generated to finance the SBR relief (for 08-09) (line 4 (i))	0.00
<u>Plus</u> Total additional yield generated to finance the SBR relief for previous years (line 4 (ii))	0.00
<u>Less</u> Total cost of SBR relief for properties within billing authority area (for 08-09) (line 5 (i))	0.00
<u>Less</u> Total cost of SBR relief for properties within billing authority area for previous years (line 5 (ii))	0.00

Other Mandatory Relief

<u>Less</u> (Charitable) for 08-09 (line 6 (i))	1,516,393.00
<u>Less</u> (Charitable) for previous years (line 6 (ii))	-108,480.00
<u>Less</u> (CASC) for 08-09 (line 7 (i))	0.00
<u>Less</u> (CASC) for previous years (line 7 (ii))	0.00
<u>Less</u> (Rural Shops & POs) for 08-09 (line 8 (i))	0.00
<u>Less</u> (Rural Shops & POs) for previous years (line 8 (ii))	0.00
<u>Less</u> (Former Agricultural Premises for previous years (line 9(ii))	0.00
<u>Less</u> (Part Occupied) for 08-09 (line 10 (i))	40,155.00
<u>Less</u> (Part Occupied) for previous years (line 10 (ii))	-138,950.00
<u>Less</u> (Empty Premises) for 08-09 (line 11 (i))	5,628,791.00
<u>Less</u> (Empty Premises) for previous years (line 11 (ii))	211.00
<u>Less</u> Adjustments due to Schedule of Payments agreements (line 12)	00.00
<u>Equals</u> Gross Amount (line 13)	50,432,767.35

Please note that -£6,133,768.00 in line 1(ii) means the gross rates payable for previous years is a debit. For example, the local authority may have had to make a significant number of repayments to a company following a successful appeal. Do not use a minus for lines 1 (ii), 2 (i) or 2(ii) unless it indicates a debit. For the rest of Part II only use minus to indicate income.

SPECIFIC VALIDATION CHECKS

Part I Contribution to the Pool

Gross Amount (Test 1)

The Gross Amount figure in Part I, line 1 should be exactly the same as the Gross Amount in Part II, line 13. If it is slightly different (no more than £1) due to the nature of the reports produced by your computer system please confirm this when submitting the form.

Discretionary Reliefs (Tests 2-6)

Only use a minus or brackets to indicate income.

We compare discretionary relief with the data provided on the NNDR3 for 2007-08 and an explanation will be required if the figure given on the NNDR3 2008-09 has changed by more than the following amounts.

- **Charity Relief - by more than 50% (either up or down) AND the actual difference is more than £10,000**
- **Non-Profit - by more than 50% (either up or down) AND the actual difference is more than £10,000.**
- **Community Amateur Sports Clubs - by more than 25% (either up or down)**
- **Rural Shops and Post Offices - by more than 50% (either up or down) AND the actual difference is more than £10,000.**
- **Other Small Rural Businesses - by more than 50% (either up or down) AND the actual difference is more than £5,000.**

Below are a few examples of the type of explanations we would expect:

- Councils may have had a change of policy and approved more/fewer reliefs.
- Charity Relief increased due to relief being given to a large leisure centre and this was not known when completing the NNDR1.
- Following publicity there is a greater number of applications received than anticipated.

In cases where there is a significant change to information on the 2008-09 NNDR1 we will not accept the explanation that it was a poor estimate on your NNDR1.

Discretionary relief may be state aid under EU law if it exceeds a de-minimise threshold. That is €200,000 (about £180,000) to any one business over a three-year period (the equivalent to £60,000 in any one year). However, this does not apply in

certain sectors, including agriculture, fisheries, transport, shipbuilding, coal and steel. Please provide the following details for discretionary relief granted over £60,000 or of any amount to the businesses in the above-mentioned sectors.

- Nature of Business
- Amount of Hardship Relief granted
- Has any relief been granted in the previous two years? If yes, please provide details of the actual amounts of relief given.

Reductions Under s49 (Hardship Relief) (Test 7)

Hardship relief may be state aid under EU law if it exceeds a de-minimise threshold. That is €200,000 (about £180,000) to any one business over a three-year period (the equivalent to £60,000 in any one year). However, this does not apply in certain sectors, including agriculture, fisheries, transport, shipbuilding, coal and steel. Please provide the following details for hardship relief granted over £60,000 or of any amount to the businesses in the above-mentioned sectors.

- Nature of Business
- Amount of Hardship Relief granted
- Has any relief been granted in the previous two years? If yes, please provide details of the actual amounts of relief given.

Reductions under regulation 5 of SI 1991 No. 141 (charges on properties) (Test 8)

Please provide details where more than £100,000 has been granted for this relief.

Cost of Collection (Test 9)

This is a set calculation and the figure should be **exactly** the same as that shown on your NNDR1 for 2008-09. If the figure is different, an explanation **must** be provided when returning the form.

Losses in Collection (Test 10)

An explanation is required if the figure given is **more than 5%** of your Net Yield

Interest on Overpayments (Test 11)

An explanation is required if the figure given is **more than 2%** of your Net Yield

Part II Other Information

Gross Rates Payable (Test 12 and 13)

These two tests compare this information with the Gross Rates payable information both against the figure for previous years and against the Rateable Value provided on your NNDR1 for 2008-09 multiplied by the 2008-09 multiplier. It is assumed that this should be in a similar region to the gross rates payable on your NNDR3.

- An explanation is required if the Gross Rates Payable in 2008-09 is less than the Gross Rates Payable in previous years (Test 12)
- An explanation is required if the change is more than 20% in the Rateable Value provided on your 2008-09 NNDR1 multiplied by the 2008-09 multiplier (either up or down) (Test 13).

Transitional Relief (Increased rate yield Tests 14 & 15, Decreased rate yield Tests 16 & 17)

We compare the figures for 2008-09 with the previous year's figures on the NNDR3 and also against the figure on the NNDR1 for 2008-09.

An explanation will be required if the figure given has changed by more than the following amounts:

- **if the figure for 2008-09 is less than that for previous years (Tests 14 & 16)**
- **more than 75% (either up or down) AND the actual difference amounts to more than £100,000 (Tests 15 & 17)**

For example if your increased transitional relief has increased by 78% but the actual difference only amounts to £99,458 then no explanation is required.

Mandatory Reliefs (Tests 18 - 32)

We compare the mandatory reliefs for 2008-09 both against that shown on the NNDR3 form for previous years plus with the NNDR3 for 2006-07. Explanation will be required if the figure for previous years is greater than that for 2008-09 and / or if the figure for 2008-09 has changed by more than the following amounts.

- **Small Business Rate Relief - by more than 50% (either up or down) AND the actual difference is more than £50,000**
- **Charity Relief - by more than 50% (either up or down) AND the actual difference is more than £15,000**
- **Community Amateur Sports Clubs - by more than 25% (either up or down)**
- **Rural Shops - by more than 50% (either up or down) AND the actual difference is more than £15,000.**
- **Former Agricultural Premises – by more than 50% (up or down) AND the actual difference is more than £5,000.**
- **Partly Occupied - by more than 50% (either up or down) AND the actual difference is more than £40,000.**
- **Empty Properties - by more than 50% (either up or down) AND the actual difference is more than £100,000.**

Arrears (Tests 33 & 34)

The arrears figures should be cumulative and we therefore anticipate that the figure will be larger than the arrears figure given on your NNDR3 for 2007-08. Please provide an explanation if:

- **the total arrears have gone down compared with last year (Test 33);**

- **The figure has increased by more than 20% and the actual difference is more than £500,000 (Test 34).**

Contributions to the pool (Test 35)

We compare the contribution to the pool figure given in Part I box 13 on the NNDR3 2008-09 with box 23 on the NNDR1 for 2008-09. An explanation is required if the difference between these two figures is either greater than 10% (either up or down) or greater than £1,000,000.

If you have any difficulty with any of the above checks or require clarification on completing the form, please contact Ibrahim Farrah at nndr.statistics@communities.gsi.gov.uk

Communities and Local Government
May 2008