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**REPORT TO THE MEETING OF THE EXECUTIVE 19 SEPTEMBER 2012**

**PORTFOLIO: COUNCIL TAX COLLECTION, BENEFITS AND STRATEGIC HOUSING FUNCTIONS**

**REPORT FROM HEAD OF COMMUNITY SERVICES**

**SUBJECT: TRANSFER OF BUSINESS RATES ADMINISTRATION BACK TO ROCHFORD DISTRICT COUNCIL**

**1 DECISION BEING RECOMMENDED**

- 1.1 To agree to the transfer of the administration of the Council's National Non Domestic Business Rates from Chelmsford City Council back to Rochford District Council as of January 2013.

**2 REASON/S FOR RECOMMENDATION**

- 2.1 The Local Government Finance Bill is giving local authorities the opportunity to promote local economic growth in their area. In return for growth it will allow authorities to keep a proportion of business rates generated. The changes, which are effective from April 2013, mean a new emphasis on National Non-Domestic Rates (NNDR). These changes could have a significant impact on the authority's finances and it is important that high collection rates are maintained.
- 2.2 Much of the work done currently on NNDR is reactive. This is because currently business rates are collected at local level, but receipts are pooled nationally and redistributed via formula grant. Under the changes it will be essential for the Council to become more proactive in NNDR administration, as well as maintaining and improving its debt recovery and enforcement procedures. It is, therefore, imperative that the administrative, recovery and enforcement responsibilities are collectively managed by the Council's in-house team, as opposed to retaining the business operational split which currently exists, whereby Chelmsford City Council have, for a number of years, been carrying out the administrative role on behalf of Rochford.
- 2.3 In order to enable this transfer to be implemented for the 2013/2014 municipal year, it would be necessary to take over the administrative role from Chelmsford in mid January 2013.
- 2.4 With regard to resourcing the additional work associated with the NNDR administration, it would be necessary to recruit a specialist NNDR Officer and also implement a small regrading of two posts in the Recovery Section to reflect the additional technical knowledge required.
- 2.5 However, the cost of the additional staff mentioned in paragraph 2.4 above, can be met from the budget allocated at present for payment to Chelmsford City Council (currently £41,379 per annum) and, indeed, additional savings can be made as detailed below under Resource Implications.

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### 3 RESOURCE IMPLICATIONS

- 3.1 It should be noted that the cost of the Chelmsford contract has increased annually in line with the Consumer Price Index. The rate of increase over the past three years has averaged out at approx. 4.3% p.a. However, with regard to staff salaries, any cost of living increases are currently frozen. Therefore, if the contract remained with Chelmsford there would be an on-going annual increase in the contract price whereas, by employing our own staff to carry out this service, there would currently be no annual increase. Any cost of living pay increases that may be introduced in the next few years would still be likely to be lower than the percentage contract price increase.
- 3.2 Based on a 4.3% increase, the cost of the contract with Chelmsford, if it were extended, would be £43,158 for 2013/14. The cost of the additional staff resources detailed in paragraph 2.4 of this report would be a maximum of £33,489 (based on appointing on the top of salary scale). The saving generated would, therefore, be a minimum of approximately £9,700 but more likely to be in the region of £12,000. This level of saving would increase further in following years where there either continues to be a freeze on salary increases or where any increase is less than the assumed estimated contract price increase of 4.3%.

### 4 EQUALITY AND DIVERSITY IMPLICATIONS

- 4.1 It is important that in administering the NNDR the Council provides a fair and efficient service to all its customers.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

SMT Lead Officer Signature: \_\_\_\_\_

**Head of Community Services**

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#### **Background Papers:-**

None.

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